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ALCOHOL AND DRUG ABUSE DIVISION
DEPARTMENT OF INSTITUTIONS

AUDIT OF
ALCOHOL AND DRUG ABUSE PROGRAMS
CONDUCTED UNDER CONTRACT BY
WAYNE E. HINTZ
CERTIFIED PUBLIC ACCOUNTANT

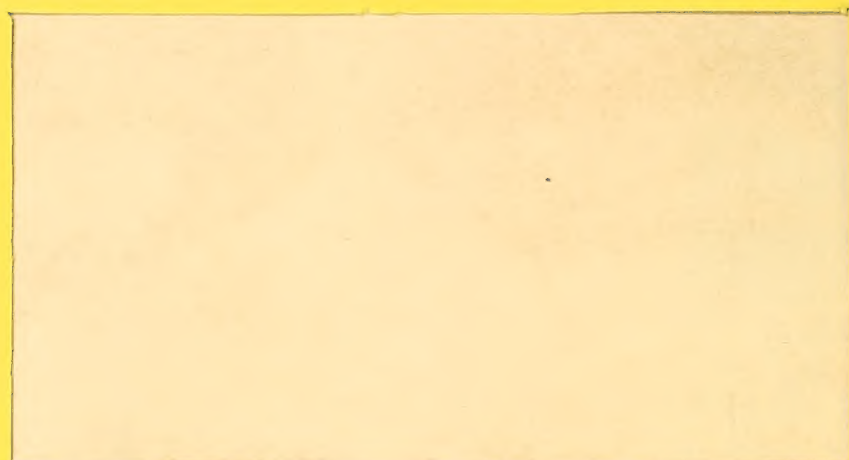
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**ALCOHOL AND DRUG ABUSE DIVISION
DEPARTMENT OF INSTITUTIONS**

**AUDIT OF
ALCOHOL AND DRUG ABUSE PROGRAMS
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STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
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DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

December 1986

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Alcohol and Drug Abuse
programs administered by the Department of Institutions.

The audit was conducted by Wayne E. Hintz, CPA, under a contract
between the firm and our office. The comments and recommendations
contained in this report represent the views of the firm and not
necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", written over a horizontal line.

Scott A. Seacat
Legislative Auditor

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SUMMARY OF RECOMMENDATIONS

This listing serves to summarize the recommendations contained in the report and the Department of Institutions' reply and also as a ready reference to the supporting comments. The full replies of the grant recipients are included in each recipient's report unless otherwise noted.

Specific recommendations to all entities in general refer to accounting procedures for recording transactions and compliance with internal control procedures and/or state requirements.

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Gallatin Council on Health and Drugs No recommendations made	

DEPARTMENT OF INSTITUTIONS



TED SCHWINDEN GOVERNOR

1539 11TH AVE

STATE OF MONTANA

406-449-3930

HELENA MONTANA 59

November 28, 1986

Wayne E. Hintz
P. O. Box 774
Helena, MT 59624-0774

Dear Mr. Hintz:

In response to your request for comments on the audit performed by your firm on our behalf, we concur with all recommendations made with the following reservation: that a computer with applicable software for the Chemical Dependency Services, Inc. of Miles City only be purchased if there are sufficient reserves and that this purchase should not be at the expense of direct services of the program.

Sincerely,

Darryl L. Bruno

DARRYL L. BRUNO, Manager
Operations & Support
Alcohol & Drug Abuse Division

DB:lt

DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES

GLASGOW, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES
GLASGOW, MONTANA
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DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES
GLASGOW, MONTANA
BOARD OF DIRECTORS
JUNE 30, 1986

I. H. Halverson
Earl Daley
Larry Schaefer
Robert French
Clifford Olson
Duane Compton
Alfred Kaschube
Chester Holje
Patricia Bondy
Gene Cowan
Arden Nichols
Bill Lumpkin

Chairman
Vice-Chairman
Sec/Treas.

BOARD OF DIRECTORS
JUNE 30, 1985

I. H. Halverson
Earl Daley
Larry Schaefer
Robert French
Clifford Olson
Duane Compton
Alfred Kaschube
Chester Holje
Patricia Bondy
Gene Cowan
Arden Nichols

Chairman
Vice-Chairman
Sec/Treas.

To the Board Of Directors
District I Alcohol and Drug Abuse Services
Glasgow, Montana

I have examined the Statement of Cash Receipts and Disbursements-cash basis, of the District I Alcohol and Drug Abuse Services (a non-profit organization), for the years ended June 30, 1986 and 1985. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of service revenues referred to above been susceptible to satisfactory audit tests, the financial statement referred to in the first paragraph presents fairly the cash receipts and disbursements-cash basis of the District I Alcohol and Drug Abuse Services at June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne Hintz, CPA

Wayne Hintz, CPA
August 15, 1986

DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES
WOLF POINT, MONTANA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For year ended June 30, 1986 and 1985

CASH RECEIPTS	1986	1985
State Revenue (Note B)	\$12,079	\$15,175
Local Revenue (Note B)	90,849	76,582
Service Revenue (Note C)	12,307	9,715
Interest Income	1,126	2,577
	-----	-----
Total Receipts	116,361	104,049
CASH DISBURSEMENTS		
Personal Services		
Salaries	91,334	79,832
Employee Benefits	12,107	10,659
	-----	-----
Total Personal Services	103,441	90,491
Operating Expenditures		
Contracted Services	3,931	3,925
Supplies and Materials	1,974	1,356
Communications	5,712	4,146
Travel	12,308	9,729
Other	2,174	1,745
	-----	-----
Total Operating Expenditures	26,098	20,901
Capital Outlay	1,772	111
	-----	-----
Total Cash Disbursements	131,311	111,503
	-----	-----
Increase (Decrease) in Cash	(14,950)	(7,454)
Beginning Cash	22,135	29,588
	-----	-----
Ending Cash (Note D)	\$7,185	\$22,135
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES
GLASGOW, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

District I Alcohol and Drug Abuse Services, Inc. is a non-profit organization which is incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The entity is tax exempt for federal purposes under 501(c)(3) of the Internal Revenue Code.

The entity provides out-patient alcohol and drug treatment and prevention services to the residents of the area. These services are designed to achieve recovery for the chemically dependent and others affected by the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The accompanying financial statement has been prepared on the basis of cash receipts and disbursements. Under this basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. This basis differs from generally accepted accounting principles primarily because the effect of outstanding revenues and obligations unpaid at the date of the financial statement is not included in the financial statement. This is in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of purchase in accordance with the cash basis of accounting. No depreciation is recorded on fixed assets.

4. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures at the time of payment in accordance with the cash basis of accounting.

DISTRICT I - ALCOHOL AND DRUG ABUSE SERVICES
GLASGOW, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1986 and 1985

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is pass through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. The state guaranteed the amount to be received by District I. The counties were short on the amount of revenue allocated to District I because of declining liquor sales and the state augmented with block grant funds via legislative appropriations in the amount of \$12,079 and \$15,175 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from the following counties:

	1986	1985
Valley	\$27,621	\$23,362
Roosevelt	23,472	19,853
Phillips	19,053	16,116
Sheridan	12,556	10,292
Daniels	<u>8,147</u>	<u>6,959</u>
Total local revenue	\$90,849	\$76,582
	=====	=====

NOTE C SERVICE REVENUE

Service revenue consists of the following:

Fees for services	\$ 5,707	\$ 1,801
DUI school fees	<u>6,600</u>	<u>7,914</u>
Total service revenue	\$12,307	\$ 9,715
	=====	=====

NOTE D CASH

The ending cash balance is comprised of the following:

Checking account	\$ 201	\$ 535
Certificate of Deposit	0	10,000
Savings Account	<u>6,984</u>	<u>11,600</u>
Ending Cash Balance	\$ 7,185	\$22,135
	=====	=====

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
District I Alcohol and Drug Abuse Services
Glasgow, Montana

I have examined the general purpose financial statements of the District I Alcohol and Drug Abuse Services for the years ended June 30, 1986 and 1985, and have issued my report thereon dated August 15, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of District I Alcohol and Drug Abuse Services is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, District I Alcohol and Drug Abuse Services complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, District I Alcohol and Drug Abuse Services was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 15, 1986

To the Board of Directors
District I Alcohol and Drug Abuse Services
Glasgow, Montana

I have examined the financial statements of District I Alcohol and Drug Abuse Services for the years ended June 30, 1985 and 1986 and have issued my report thereon dated August 15, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. Solely to assist me in planning and performing my examination, I made a study and evaluation of the internal accounting controls of District I Alcohol and Drug Abuse Services. That study and evaluation was limited to a preliminary review of the system to obtain an understanding of the control environment and the flow to transactions through the accounting system. Because the entity is so small that it is not feasible to have an adequate internal control system, my study and evaluation of the internal accounting controls did not extend beyond the preliminary phase. Accordingly, I do not express an opinion on the system of internal accounting control taken as a whole. Also, my examination, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the system of internal accounting control. However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR YEAR RECOMMENDATIONS

PAYROLL

- In reviewing the personnel file the following was noted:
1. In one file more sick leave was taken than accrued.
 2. Pay authorization was missing.
 3. W-4's were not completely filled out.
 4. The file was very messy and disorganized.

Resolution

Entity complied with.

DEPOSITS

The receipts are sometimes retained in the office and are accumulated before being sent to the accountant for deposit.

Resolution

Entity complied with.

SECRETARY

I was informed that the main office in Wolf Point is setting up an accounts receivable system for client fees and services for District I.

Resolution

Entity complied with.

POLICY AND PROCEDURES MANUAL

The policy and procedures manual does not disclose that District I is a non-profit organization under 35-2-101 M.C.A.

Resolution

Entity complied with.

CURRENT YEAR RECOMMENDATIONS

PROPERTY

District I does not have an equipment list.

Recommendation

I recommend that an inventory list be prepared.

SURETY BOND

District I does not have a surety bond on employees that handle cash.

Recommendation

I recommend that District I obtain a surety bond in accordance with State grant contract which requires a bond that would cover one months expenditures.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated August 15, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

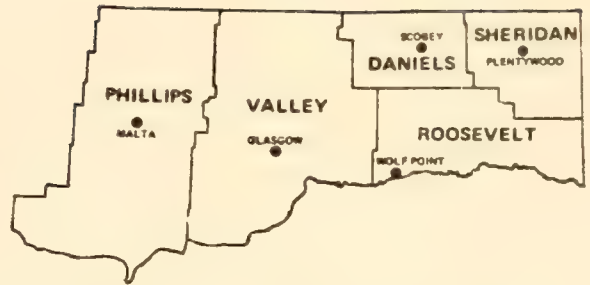
I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 15, 1986

DISTRICT ONE
ALCOHOL & DRUG ABUSE SERVICES

DANIELS COUNTY PHILLIPS COUNTY ROOSEVELT COUNTY
SHERIDAN COUNTY VALLEY COUNTY



High Plains Chemical Dependency Services
District 1 - Alcohol & Drug Abuse Program
Valley County Courthouse Annex
Glasgow, Montana 59230
Phone: (406) 228-8221 - Extension 66

September 8, 1986

Mr. Wayne E. Hintz
CPA
Downtown Professional Center
314 North Last Chance Gulch
P.O. Box 774
Helena, Montana 59624

Dear Wayne:

Re: August Audit - District 1

This is to notify you that we now have Personal Property inventories from all five counties in our Glasgow office files.

And we also have Tom Konefes' Employee Orientation completed form in his personnel file.

Thank you for your assistance.

Cordially yours,

Marliss Johnson
Marliss Johnson
Director/Counselor
/wc

DISTRICT II ALCOHOL AND DRUG PROGRAM

GLENDIVE, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

DISTRICT II ALCOHOL AND DRUG PROGRAM
GLENDIVE, MONTANA
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To the Board Of Directors
District II Alcohol and Drug Program
Glendive, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis, of the District II Alcohol and Drug Program (a non-profit organization), for the years ended June 30, 1986 and 1985. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements except that payroll withholdings are accrued; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of service revenues referred to above been susceptible to satisfactory audit tests, the financial statement referred to in the first paragraph presents fairly the cash receipts and disbursements-modified basis of District II Alcohol and Drug Program as of June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne Hintz, CPA

Wayne Hintz, CPA
August 13, 1986

DISTRICT II ALCOHOL AND DRUG PROGRAM
 GLENDIVE, MONTANA
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 MODIFIED CASH BASIS
 For the Year ended June 30, 1986

ASSETS

CURRENT ASSETS

Petty Cash	\$200
Cash in bank	25,485
Worker's Comp. deposit	400

Total Assets	\$26,085
	=====

LIABILITIES AND FUND BALANCE

Fund Balance	\$26,085

Total Liabilities and Fund Balance	\$26,085
	=====

The Notes to Financial Statements are an integral part
 of these statements.

DISTRICT II ALCOHOL AND DRUG PROGRAM
 GLENDIVE, MONTANA
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 MODIFIED CASH BASIS
 For the Year ended June 30, 1985

ASSETS

CURRENT ASSETS

Petty Cash	\$200
Cash in bank	18,505
Worker's Comp. deposit	400

Total Assets	\$19,105
--------------	----------

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accrued payroll taxes payable	\$996
-------------------------------	-------

Total Liabilities	996
-------------------	-----

Fund Balance	18,109
--------------	--------

Total Liabilities and Fund Balance	\$19,105
---------------------------------------	----------

The Notes to Financial Statements are an integral part
 of these statements.

DISTRICT II ALCOHOL AND DRUG PROGRAM
GLENDIVE, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Year ended June 30, 1986

	Alcohol Program	Drug Program	Total
REVENUES			
State Income (Note B)	\$44,720	\$27,461	\$72,181
County Income (Note B)	75,823		75,823
Service Income (Note C)	45,881		45,881
Frances Deaconess Hospital	7,665		7,665
St. Joseph's Hospital	500		500
Donation	21,000		21,000
After care payments	2,172		2,172
Client fees	185		185
	-----	-----	-----
Total Revenue	197,946	27,461	225,407
EXPENDITURES			
Personal Services			
Salaries	115,234	19,788	135,022
Employee benefits	19,072	3,416	22,488
	-----	-----	-----
Total Personal Services	134,306	23,204	157,510
Operating Expenditures			
Communication	8,890		8,890
Contracted services	8,965		8,965
Rent/lease	14,297	3,120	17,417
Repair & maintenance	178		178
Supplies & materials	8,628	471	9,099
Travel	5,991		5,991
Other	4,209	666	4,875
	-----	-----	-----
Total Operating Expenditures	51,156	4,257	55,413
	-----	-----	-----
Capital Outlay	4,508		4,508
	-----	-----	-----
Total Expenditures	189,970	27,461	217,431
Excess (Deficiency) of Revenues over Expenditures	7,976	0	7,976
Fund balance, beginning of year	18,109		18,109
	-----	-----	-----
Fund balance, end of year	\$26,085	\$0	\$26,085
	=====	=====	=====

The Notes to Financial Statements are an integral part
of this statement.

DISTRICT II ALCOHOL AND DRUG PROGRAM
 GLENDIVE, MONTANA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 For the year ended June 30, 1985

	Alcohol Program	Drug Program	Total
REVENUES			
State Income (Note B)	\$51,013	\$29,290	\$80,303
County Income (Note B)	73,226		73,226
Service Income (Note C)	32,929		32,929
Refunds	455		455
Frances Deaconess Hospital	8,365		8,365
St. Joseph's Hospital	250		250
CETA	1,820		1,820
Donation	23,500		23,500
	-----	-----	-----
Total Revenue	191,558	29,290	220,848
EXPENDITURES			
Personal Services			
Salaries	111,166	22,502	133,668
Employee benefits	18,198	3,415	21,613
	-----	-----	-----
Total Personal Services	129,364	25,917	155,281
Operating Expenditures			
Communication	8,539	131	8,670
Contracted services	5,367		5,367
Rent/lease	11,507	1,967	13,473
Repair & maintenance	10		10
Supplies & materials	9,686		9,686
Travel	7,425	818	8,243
Other	3,853	458	4,311
	-----	-----	-----
Total Operating Expenditures	46,389	3,373	49,762
	-----	-----	-----
Capital Outlay	6,753		6,753
	-----	-----	-----
Total Expenditures	182,506	29,290	211,796
Excess (Deficiency) of Revenues over Expenditures	9,052	0	9,052
Fund balance, beginning of year	9,057		9,057
	-----	-----	-----
Fund balance, end of year	\$18,109	\$0	\$18,109
	=====	=====	=====

The Notes to Financial Statements are an integral part
 of these statements.

DISTRICT II ALCOHOL AND DRUG PROGRAM
GLENDALE, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

District II Alcohol and Drug Program is a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The entity filed and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The entity is an out-patient program providing alcohol and drug treatment and prevention services to the residents of Dawson, Richland, Prairie, McCone, and Wibaux counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the entity. Revenues are recorded when cash is received and expenditures are recorded when checks are issued. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. There is no recorded inventory of equipment owned by the entity, in accordance with the modified cash basis of accounting. No depreciation is recorded on the fixed assets.

4. Budgets

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulation by employees are not included in the financial statements. Expenditures are recognized when paid.

DISTRICT II ALCOHOL AND DRUG PROGRAM
GLENDIVE, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions.

In addition to the above alcohol and drug grants, the state guaranteed the amount to be received from the five counties. The counties were short on the amount of revenue allocated to District II Alcohol and Drug Program because of declining liquor sales and the state augmented with block grant funds in the amount of \$5,957 and \$13,203 for years ended June 30, 1986 and 1985 respectively. Richland and Dawson Counties also provide an additional amount above and beyond the earmarked funds to District II Alcohol and Drug Program.

Revenues were received from the five participating counties as follows:

	1986	1985
Dawson	\$ 24,926	\$ 22,894
McCone	15,395	17,694
Prairie	6,176	5,672
Richland	25,205	23,400
Wibaux	<u>4,121</u>	<u>3,566</u>
 Total Local Revenue	 \$ 75,823 =====	 \$ 73,226 =====

NOTE C SERVICE AND OTHER REVENUE

Service and other revenue consists of the following:

<u>Service Revenue</u>	1986	1985
Fees for services	\$ 12,000	\$ 17,534
DUI school fees	15,475	15,395
Minors in possession	2,020	
Third party receipts	<u>16,386</u>	<u> </u>
Total Service Revenue	<u>\$ 45,881</u>	<u>\$ 32,929</u>

<u>Other Revenue</u>		
Hospital Out-Patient fees	\$ 8,165	\$ 8,615
Refunds of Expenses		455
Donations	21,000	23,500
CETA Grant	<u> </u>	<u>1,820</u>
Total Other Revenue	<u>\$ 29,165</u>	<u>\$ 34,390</u>

SUPPLEMENTARY INFORMATION

To The Board of Directors
District II Alcohol and Drug Program
Glendive, Montana

My report on my examination of the basic financial statements of District II Alcohol and Drug Program as of June 30, 1986 and 1985 appear on page B-2 of this report. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments if any which may have been necessary had I been able to extend my audit scope beyond the District II Alcohol and Drug Program's recorded receipts as explained in the third paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 13, 1986

DISTRICT II ALCOHOL AND DRUG PROGRAM
GLENDIVE, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
MODIFIED CASH BASIS
BUDGET vs ACTUAL
ALCOHOL PROGRAM
For the year ended June 30, 1986

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$38,764	\$44,720	\$5,956
Local revenue	105,280	75,823	(29,457)
Service revenue	37,794	45,881	8,087
Other revenue	0	31,522	31,522
	-----	-----	-----
Total Revenue	181,838	197,946	16,108
EXPENDITURES			
Personal services	137,105	134,306	2,799
Operating expenditures	41,341	51,156	(9,815)
Capital outlay	3,392	4,508	(1,116)
	-----	-----	-----
	181,838	189,970	(8,132)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$7,976	\$7,976
	=====	=====	=====

Reconciliation of Budget vs Actual
to report of Revenues and Expenditures
submitted to the Department of Institutions.

No difference with revenues on report submitted
to the Department of Institutions.

Total Expenditures (from above)	\$189,910
Total Expenditures (per report)	186,327

Difference	\$3,583
	=====

Explanation: Difference is due to accrual of expenditures

DISTRICT II ALCOHOL AND DRUG PROGRAM
 GLENDIVE, MONTANA
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 MODIFIED CASH BASIS
 BUDGET vs ACTUAL
 ALCOHOL PROGRAM
 For the year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$37,810	\$51,013	\$13,203
Local revenue	105,280	73,226	(32,054)
Service revenue	37,793	32,929	(4,864)
Other revenue	0	34,390	34,390
	-----	-----	-----
Total Revenue	180,883	191,558	10,675
EXPENDITURES			
Personal services	137,297	129,364	7,933
Operating expenditures	38,764	46,389	(7,625)
Capital outlay	4,822	6,753	(1,931)
	-----	-----	-----
	180,883	182,506	(1,623)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$9,052	\$9,052
	=====	=====	=====

Reconciliation of Budget vs Actual
 to report of Revenues and Expenditures
 submitted to the Department of Institutions.

No difference with revenues on report submitted
 to the Department of Institutions.

Total Expenditures (from above)	\$182,506
Total Expenditures (per report)	186,149

Difference	(\$3,643)
	=====

Explanation: Difference is due to accrual of expenditures.

DISTRICT II ALCOHOL AND DRUG PROGRAM
 GLENDIVE, MONTANA
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 MODIFIED CASH BASIS
 BUDGET vs ACTUAL
 DRUG PROGRAM
 For the year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$29,290	\$29,290	\$0
	-----	-----	-----
Total Revenue	29,290	29,290	0
EXPENDITURES			
Personal services	25,917	25,917	0
Operating expenditures	3,373	3,373	
	-----	-----	-----
	\$29,290	\$29,290	\$0
	=====	=====	=====
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$0	\$0
	=====	=====	=====

No difference with revenue and expenditures on report submitted to the Department of Institutions.

To The Board of Directors
District II Alcohol and Drug Program
Glendive, Montana 59330

I have examined the general purpose financial statements of the District II Alcohol and Drug Program, for the years ended June 30, 1986 and 1985, and have issued my report thereon dated August 13, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circular A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of District II Alcohol and Drug Program, is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations non-compliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my tests indicate that for the items tested, District II Alcohol and Drug Program, complied with those provisions of laws and regulations non-compliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested District II Alcohol and Drug Program, was not in compliance with laws or regulations non-compliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 13, 1986

To the Board of Directors
District II Alcohol and Drug Program
Glendive, Montana

I have examined the financial statements of District II Alcohol and Drug Program for the fiscal years ended June 30, 1986 and 1985 and have issued my reports thereon dated August 13, 1986. As part of my examinations, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the entity is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole.

However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

CURRENT AUDIT RECOMMENDATIONS

CASH

District II is retaining excess cash in non-interest checking account or savings account.

Recommendation

I recommend that the Board examine about the cash needed for operations and to invest excess cash to some type of an account that is interest bearing.

SURETY BOND

District II does not have a surety bond on employees that handle cash.

Recommendation

I recommend that District II obtain a surety bond in accordance with State Grant contract which requires a bond that would cover one month expenditures.


These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated August 13, 1986.

This report is intended solely for the use of Management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E Hintz, CPA

Wayne E. Hintz, CPA
August 13, 1986



District II Alcohol & Drug Program

204 N. Kendrick — Suite 207 — Glendive, Montana 59330 — (406) 365-5942

November 5, 1986

Mr. Wayne Hintz
P.O. Box 774
Helena, MT 59624

Dear Wayne:

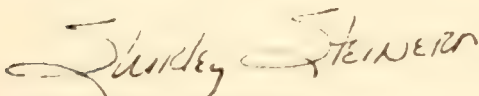
Thank you for the rough draft of your audit report. 1) Board of Directors listing is accurate. 2) I have questions on a couple items. Regarding the item on fixed assets, you have indicated that there is no recorded inventory of equipment owned by the entity. We do have an inventory list, a copy of which I have enclosed. Secondly, regarding Service and Other Revenue, you stated "The entity did not have this (DUI and fees for service) broken down in the accounting records." This is broken down each month and reported in that manner to Child & Smith, as well as the state. Again, a copy is enclosed.

I contacted Culver Eastlund of Glendive, regarding the purchase of a surety bond, covering those employees handling cash. They informed me that we are in need of a fidelity bond, rather than a surety bond and contacted ADAD to verify. They have not as of this date presented us with a copy of the fidelity bond, but when it arrives, I will send you a copy for your file.

Excess cash in our non-interest bearing checking account was transferred to a money market account on 9/23/86, in the amount of \$31,000 at First United Bank.

If you should have any questions, or requests, please feel free to contact me.

Sincerely,



Shirley Steinert
Office Manager

ss

CHEMICAL DEPENDENCY SERVICES, INC.

MILES CITY, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

CHEMICAL DEPENDENCY SERVICES, INC
MILES CITY, MONTANA
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CHEMICAL DEPENDENCY SERVICES, INC.
BOARD OF DIRECTORS
June 30, 1986 and 1985

Bob Barthelmess
April Milroy
Gary Lang
Malcolm McRae
Ernie Icopini
F. F. Huckins
Magnus Markuson

Chairman
Vice-Chairman
Secretary/Treasurer
Director
Director
Director
Director

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Chemical Dependency Service, Inc.
Miles City, Montana

I have examined the balance sheets of Chemical Dependency Services, Inc., (a non-profit organization) as of June 30, 1986 and 1985, and the related statements of revenue, expenditures, changes in fund balances and changes in financial position for the years then ended. Except as noted in the following paragraphs, my examination was made in accordance with generally accepted auditing standards and generally accepted government auditing standards for financial and compliance audits and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

I did not observe the physical inventory of fixed assets, stated at \$5125, taken as of June 30, 1985 and 1986 respectively, since that date was prior to my initial engagement as auditor for the entity. The entity's records do not permit adequate retroactive tests of fixed assets.

No accounting controls are exercised over service and fees collections prior to the initial recording of such Revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to observe the physical inventory of fixed assets, taken at June 30, 1986 and 1985 and extend my audit scope beyond Chemical Dependency Services, Inc.'s record service and fees collections referred to in the above paragraphs, the financial statements present fairly the financial position of Chemical Dependency Services, Inc. as of June 30, 1986 and 1985 and the results of its operations and changes in its financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wayne Hintz, CPA

Wayne Hintz, CPA
August 6, 1986

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
BALANCE SHEET
June 30, 1986

	Alcohol Program	Drug Program	Total
ASSETS			
CURRENT ASSETS			
Cash in bank	\$5,828	\$1,633	\$7,462
MMIS savings	13,436		13,436
C.D. 6 months	28,917		28,917
Worker's Comp. deposit	285		285
	-----	-----	-----
Total Current Assets	48,466	1,633	50,099
Fixed assets	5,125		5,125
	-----	-----	-----
Total Assets	\$53,591	\$1,633	\$55,224
	=====	=====	=====
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Payroll taxes payable	\$1,534	\$0	\$1,534
Accrued vacation & sick pay	7,133	1,633	8,766
	-----	-----	-----
Total Liabilities	8,667	1,633	10,300
Fund Equity			
Investment in fixed assets	5,125	0	5,125
Fund Balance	39,799		39,799
	-----	-----	-----
Total Fund Equity	44,924	0	44,924
	-----	-----	-----
Total Liabilities and Fund Equity	\$53,591	\$1,633	\$55,224
	=====	=====	=====

The notes to Financial Statements are an integral part of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
BALANCE SHEET
June 30, 1985

	Alcohol Program	Drug Program	Rosebud Co. Human Services	Total
ASSETS				
CURRENT ASSETS				
Cash in bank	\$3,311	\$1,259	\$0	\$4,570
MMIS savings	29,072			29,072
C.D. 6 months	26,500			26,500
Due fr. Chemical Dep. Serv.			5,069	5,069
Accounts receivable-county	2,297			2,297
Worker's Comp. deposit	285			285
	-----	-----	-----	-----
Total Current Assets	61,465	1,259	5,069	67,793
Fixed assets	5,125			5,125
	-----	-----	-----	-----
Total Assets	\$66,590	\$1,259	\$5,069	\$72,918
	=====	=====	=====	=====
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$1,271	\$0	\$0	\$1,271
Payroll taxes payable	2,226			2,226
Accrued vacation & sick pay	8,190	1,259		9,449
Due to Rosebud	5,069			5,069
	-----	-----	-----	-----
Total Liabilities	16,756	1,259	0	18,015
Fund Equity				
Investment in fixed assets	5,125	0	0	5,125
Fund Balance	44,709		5,069	49,778
	-----	-----	-----	-----
Total Fund Equity	49,834	0	5,069	54,903
	-----	-----	-----	-----
Total Liabilities and Fund Equity	\$66,590	\$1,259	\$5,069	\$72,918
	=====	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the year ended June 30, 1986

	Alcohol Program	Drug Program	Total
REVENUES			
State Income	\$23,918	\$27,461	\$51,379
Local Income	93,919		93,919
Service Revenue	31,176	1,894	33,070
Other Revenue	4,413		4,413
	-----	-----	-----
Total Revenue	153,426	29,355	182,781
EXPENDITURES			
Personal Services			
Salaries	99,321	25,615	124,936
Employee benefits	8,995	1,885	10,880
Payroll taxes	7,941	1,855	9,796
	-----	-----	-----
Total Personal Services	116,257	29,355	145,612
Operating Expenditures			
Contracted services	5,914	0	5,914
Supplies & materials	3,798		3,798
Communication	8,199		8,199
Travel	13,043		13,043
Rent/lease	4,322		4,322
Utilities	2,353		2,353
Repair & maintenance	422		422
Training	1,006		1,006
Other	317		317
	-----	-----	-----
Total Operating Expenditures	39,375	0	39,375
Total Expenditures	155,631	29,355	184,987
	-----	-----	-----
Excess (Deficiency) of Revenues over Expenditures	(2,205)	0	(2,205)
Fund Balance beginning of year	44,709		44,709
Adjustments to Fund Balance	(2,705)		(2,705)
	-----	-----	-----
Fund Balance end of year	\$39,799	\$0	\$39,799
	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the year ended June 30, 1985

	Alcohol Program	Drug Program	Rosebud Co. Human Services	Total
REVENUES				
State Income	\$30,677	\$26,520	\$52,721	\$109,918
Local Income	88,473			88,473
Service Revenue	33,260	909		34,169
Other Revenue	5,471			5,471
Total Revenue	157,881	27,429	52,721	238,031
EXPENDITURES				
Personal Services				
Salaries	86,674	23,367	42,447	152,488
Employee benefits	7,420	2,461	4,415	14,296
Payroll taxes	5,003	1,374	3,080	9,457
Total Personal Services	99,097	27,202	49,942	176,241
Operating Expenditures				
Contracted services	6,124		899	7,023
Supplies & materials	3,762		354	4,116
Communication	8,412		120	8,532
Travel	11,163	227	3,971	15,361
Rent/lease	3,504			3,504
Utilities	3,309			3,309
Repair & maintenance	108			108
Training	680		140	820
Other	1,813			1,813
Total Operating Expenditures	38,875	227	5,484	44,586
Total Expenditures	137,972	27,429	55,426	220,827
Excess (Deficiency) of Revenues over Expenditures	19,909	0	(2,705)	17,204
Fund Balance beginning of year	23,497		7,774	31,271
Adjustments to Fund Balance	1,303			1,303
Fund Balance end of year	\$44,709	\$0	\$5,069	\$49,778
	=====	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended June 30, 1986

	Alcohol Program	Drug Program	Total
Funds Provided			
Excess revenues over expenditures	(\$2,205)	\$0	(\$2,205)
Adjustments to Fund Balance	(2,705)		(2,705)
	-----	-----	-----
Total Funds Provided	(4,910)	0	(4,910)
 Increase (decrease) in working capital	 (4,910)	 \$0	 (4,910)
	=====	=====	=====
 CHANGES IN WORKING CAPITAL			
Increase (decrease) in current assets			
Cash	\$2,517	\$374	\$2,891
Savings	(13,219)		(13,219)
Accounts receivable	(2,297)		(2,297)
	-----	-----	-----
	(12,999)	374	(12,625)
 Decrease (Increase) in current liabilities			
Accounts payable	(6,341)		(6,341)
Accrued vacation pay	(1,057)	374	(683)
Paryoll taxes payable	(691)		(691)
	-----	-----	-----
	(8,089)	374	(7,715)
Increase in working capital	(\$4,910)	\$0	(\$4,910)
	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended June 30, 1985

	Alcohol Program	Drug Program	Rosebud Co. Human Services	Total
Funds Provided				
Excess revenues over expenditures	\$19,909	\$0	(\$2,705)	\$17,204
Adjustments to Fund Balance	1,303			1,303
Invest in Fixed Assets	2,276			2,276
	-----	-----	-----	-----
Total Funds Provided	23,488	0	(2,705)	20,783
Funds Applied				
Purchase of fixed assets	2,276			2,276
	-----	-----	-----	-----
Increase (decrease) in working capital	\$21,212	\$0	(\$2,705)	\$18,507
	=====	=====	=====	=====
CHANGES IN WORKING CAPITAL				
Increase (decrease) in current assets				
Cash	\$905	\$659	\$0	\$1,564
Savings	15,272			15,272
Accounts receivable	1,087		(4,295)	(3,208)
Prepaid expenses	100			100
	-----	-----	-----	-----
	17,364	659	(4,295)	13,728
Decrease (Increase) in current liabilities				
Accounts payable	(5,100)			(5,100)
Accrued vacation pay	556	1,259	(1,590)	225
Paryoll taxes payable	696			696
Due to the Department of Institutions		(600)		(600)
	-----	-----	-----	-----
	(3,848)	659	(1,590)	(4,779)
Increase in working capital	\$21,212	\$0	(\$2,705)	\$18,507
	=====	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Chemical Dependency Services Inc. is a non-profit corporation incorporated in state of Montana Non-profit Corporation Act, Section 35-2-101, M.C.A. The entity filed and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The entity is an out-patient program providing alcohol and drug treatment and prevention services to the residents of Carter, Custer, Fallon, Garfield, Powder River, Rosebud, and Treasure counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

The entity had an agreement with Rosebud County to provide an expanded Alcohol and Drug Program to Rosebud County, for year ended June 30, 1985 which is accounted for under the Rosebud County Human Services fund. The agreement ended June 30, 1985.

2. Basis of Accounting

The accrual basis of accounting is used by the entity. Under this method, revenues are recognized when they are earned except for client fees and expenses are recognized when they are incurred. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are capitalized at the time of purchase. No depreciation is recorded on fixed assets. Equipment on loan is not included in the financial statements.

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. In addition to the State grant, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenues allocated to the Chemical Dependency Services, Inc. because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$13,510 and \$16,972 for FY86 and FY85 respectively. Rosebud County Human Services receives grant revenues from the Montana Coal Board.

Revenues were received from the seven participating counties as follows:

	1986	1985
Carter	\$ 8,450	\$ 7,960
Custer	28,418	26,768
Fallon	9,057	8,532
Garfield	10,056	9,473
Powder River	9,633	9,076
Rosebud	25,035	23,584
Treasure	<u>3,270</u>	<u>3,080</u>
 Total Revenue	 \$93,919 =====	 \$88,473 =====

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE C SERVICE AND OTHER REVENUE

Service and other revenue consist of the following:

	1986	1985
<u>Service Revenue</u>		
Fees for services	\$ 9,372	\$ 9,397
DUI school fees	13,196	14,321
Third party payments	<u>8,608</u>	<u>9,542</u>
Total Service Revenue	\$31,176 =====	\$33,260 =====
<u>Other Revenue</u>		
Interest	\$ 3,933	\$ 4,437
Literature	480	187
Other	<u>0</u>	<u>847</u>
Total Other Revenue	\$ 4,413 =====	\$ 5,471 =====

NOTE D ADJUSTMENTS TO FUND BALANCE

There was a disagreement between Rosebud County Human Services and Chemical Dependency Services, Inc. as to the amount owed for wages and benefits. Chemical Dependency Services paid an additional \$2,705 than the amount due per June 30, 1985 financial statements.

The adjustments to Fund Balance is composed of the following:

	1986	1985
Close out Rosebud County Services contract.	\$(2,705) =====	
Adjustments increase in Worker's Comp. deposit		\$ 100
Amount due to Dept. of Institutions		600
Error on Bank Reconciliation 6/30/84		<u>603</u> \$1,303 =====

SUPPLEMENTARY INFORMATION

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Chemical Dependency Services, Inc.
Miles City, Montana

My report on the examination of the basic financial statements of the Chemical Dependency Services, Inc. of June 30, 1986 and 1985 appear on page C-2 of this report. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments if any which may have been necessary had I been able to extend my audit scope beyond the Chemical Dependency Services, Inc.'s recorded receipts and had I observed inventory of fixed assets as explained in the second and third paragraphs of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 6, 1986

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-ALCOHOL PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1986

	BUDGET	ACTUAL	VARIANCE
Revenue			
State revenue	\$15,611	\$23,918	\$8,307
Local revenue	109,625	93,919	(15,706)
Service revenue	31,309	31,176	(133)
Other revenue	0	4,413	4,413
	-----	-----	-----
Total Revenue	156,545	153,426	(3,119)
Expenditures			
Personal Services	115,684	116,257	(573)
Operating expenditures	40,861	39,374	1,487
	-----	-----	-----
Total Expenditures	156,545	155,631	914
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	(\$2,205)	(\$2,205)
	=====	=====	=====
Reconciliation of Budget vs. Actual to report of Revenues and Expenditures submitted to Department of Institutions			
Total Expenditures (from above)		\$155,631	
Total Expenditures (per report)		157,318	

Difference		(\$1,687)	
		=====	
Explanation			
Amount is irreconcilable		(\$1,687)	
		=====	

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-DRUG PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1986

	BUDGET	ACTUAL	VARIANCE
Revenue			
State revenue	\$27,461	\$27,462	\$1
Service revenue	0	1,893	1,893
	-----	-----	-----
Total revenue	27,461	29,355	1,894
Expenditures			
Personal services	27,461	29,355	1,894
Operating expenditures	0	0	0
	-----	-----	-----
Total expenditures	27,461	29,355	(1,894)
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$0	\$0
	=====	=====	=====

Reconciliation of Budget vs. Actual
to report of Revenues and Expenditures
submitted to Department of Institutions

Total Expenditures (from above)	29,355
Total Expenditures (from report)	28,928

Difference	\$427
	=====
Difference is irreconcilable	\$427
	=====

CHEMICAL DEPENDENCY SERVICES. INC.
MILES CITY, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-ALCOHOL PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1985

	BUDGET	ACTUAL	VARIANCE
Revenue			
State revenue	\$13,705	\$30,677	\$16,972
Local revenue	109,625	88,473	(21,152)
Service revenue	30,833	33,260	2,427
Other revenue	0	5,470	5,470
	-----	-----	-----
Total Revenue	154,163	157,880	3,717
Expenditures			
Personal Services	115,358	99,097	16,261
Operating expenditures	38,805	38,874	(69)
	-----	-----	-----
Total Expenditures	154,163	137,971	16,192
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$19,909	\$19,909
	=====	=====	=====
Reconciliation of Budget vs. Actual to report of Revenues and Expenditures submitted to Department of Institutions			
Total Expenditures (from above)		\$137,971	
Total Expenditures (per report)		134,911	

Difference		\$3,060	
		=====	
Explanation			
Amount is irreconcilable		\$3,060	
		=====	

CHEMICAL DEPENDENCY SERVICES, INC.
MILES CITY, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-DRUG PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1985

	BUDGET	ACTUAL	VARIANCE
Revenue			
State revenue	\$26,520	\$26,520	\$0
Service revenue	0	909	909
	-----	-----	-----
Total revenue	26,520	27,429	909
Expenditures			
Personal services	26,520	27,202	(682)
Operating expenditures	0	227	(227)
	-----	-----	-----
Total expenditures	26,520	27,429	(909)
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$0	\$0
	=====	=====	=====

Reconciliation of Budget vs. Actual
to report of Revenues and Expenditures
submitted to Department of Institutions

Total Expenditures (from above)	27,429
Total Expenditures (from report)	26,452

Difference	\$977
	=====

Difference is irreconcilable	\$977
	=====

To the Board of Directors
Chemical Dependency Services, Inc.
Miles City, Montana

I have examined the general purpose financial statements of the Chemical Dependency Services, Inc., Miles City, Montana for the years ended June 30, 1986 and 1985, and have issued my report thereon dated August 6, 1986. My examination was made in accordance with generally accepted auditing standards: the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of the Chemical Dependency Services, Inc., is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations non-compliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Chemical Dependency Services, Inc. complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused us to believe that for the items not tested Chemical Dependency Services, Inc., was not in compliance with laws or regulations noncompliance with which could have a material effect on the corporation's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 6, 1986

To the Board of Directors
Chemical Dependency Services, Inc.
Miles City, Montana

I have examined the financial statements of Chemical Dependency Services, Inc. for the fiscal years ended June 30, 1986 and 1985 and have issued my report thereon dated August 6, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control. to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Chemical Dependency Services, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the accrual basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole. However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR YEAR COMMENTS

BOOKKEEPING-TRAINING

It was recommend that bookkeeper take a class in accounting.

Resolution

The bookkeeper completed course in accounting.

CURRENT YEAR RECOMMENDATIONS

EMPLOYEE BENEFITS

Presently, the entity pays each employee a sum, each month, to be used for health insurance, retirement, etc. The amount is paid directly to the employee. It is this auditor's opinion that these amounts are subject to withholding and other payroll taxes.

Recommendations

That the entity pay directly to the insurance company, etc., for the employee. Then the amounts would not be subject to withholding and other payroll taxes.

COMPUTER

In the opinion of this auditor, the entity could make the operations more efficient if a computer was purchased.

Recommendation

I recommend that the director propose to the Board that computer with applicable software be purchased.

POLICY AND PROCEDURE MANUAL

It was noted that the name change was not made to policy and procedure manual.

Recommendation

I recommend the policy and procedure manual be reviewed and updated where applicable.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements dated August 6, 1986.

This report is intended solely for the use of management and the legislature, and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 6, 1986

CHEMICAL DEPENDENCY SERVICES

Administrative Office
108 North Haynes Ave. - P.O. Box 1500
Miles City, Montana 59301
AC (406) 232-6543

November 17, 1986

Wayne Hintz, CPA
P.O. Box 774
Helena, MT 59624

RE: AUDIT REPORT

Dear Wayne:

Per your request in regards to the Audit Report, the following are C.D.S., Inc.'s response to your "Current Year Recommendations":

Recommendation #1: Discussion of this particular recommendation has been carried on and discussed/reviewed with our company's CPA, Tooke & Co..

It is believed that C.D.S., Inc. is meeting the necessary regulations on this procedure.

Recommendation #2: On August 20, 1986, the "Computer Application" was presented to the Governing Board of C.D.S., Inc. for review with discussion on the estimated cost quotes. It was decided that this issue would be "bi-passed" for the time being due to the financial status of the 1987 fiscal year. Therefore, the hold-up for the purchase of the computer, is strictly of financial nature.

Recommendation #3: Through a combination of the Audit Report and the A.D.A.D. Review/Evaluation of all Policy & Procedures, all will be updated by December 31, 1986. Also, a Policy & Procedure Manual for all financial procedure will be developed by December 31, 1986.

I do hope that the above responses are conclusive enough for the closure of the Audit Report.

If you have any further questions, please feel free to call our office at your convenience.

Sincerely,



RONALD E. GERSACK
Administrative Director

REG/kap

Offices In: Forsyth, MT, Colstrip, MT, Baker, MT, Serving The Citizens of Seven Montana Counties
CARTER · CUSTER · FALLON · GARFIELD · POWDER RIVER · ROSEBUD · TREASURE

ALCOHOL AND DRUG SERVICES OF
CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
FINANCIAL REPORTS
For Years Ended June 30, 1986 and 1985

ALCOHOL AND DRUG SERVICES OF
CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
JUNE 30, 1985
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ALCOHOL AND DRUG SERVICES OF
CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
BOARD OF DIRECTORS
JUNE 30, 1986 and 1985

EXECUTIVE BOARD

TITLE

Dr. Paul Gans	President
Floyd Mathiason	V-President
William Spoja, Jr.	Secretary
Connie Heeley	Treasurer
Tom Killham	Member

BOARD MEMBERS

Bud Miller
Pam Butcher
Chris Tremain
Dolores Didier
Dennis Berqo
Tom Girvin

To the Board of Directors
Alcohol and Drug Services of Central Montana, Inc.
Lewistown, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis of Alcohol and Drug Services of Central Montana, Inc. (a non-profit organization) as of June 30, 1986 and 1985 and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the years then ended. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards and generally accepted governmental auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements except that payroll withholdings are accrued; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of service revenues referred to above been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly the cash receipts and disbursements-modified basis - of the Alcohol and Drug Services of Central Montana, Inc. at June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E Hintz, CPA

Wayne E. Hintz, CPA
September 11, 1986

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC
STATEMENTS OF ASSETS, LIABILITIES, AND
FUND BALANCES-MODIFIED CASH BASIS
For years ended June 30, 1986 and 1985

ASSETS	1986	1985
Current Assets		
Cash in Bank	\$3,565	\$891
Savings	8,833	0
	-----	-----
Total Current Assets	12,397	891
Fixed Assets		
Office Equipment	10,680	7,096
Films	6,693	5,438
	-----	-----
Total Fixed Assets	17,373	12,534
Other Assets		
Worker's Comp Deposit	268	250
	-----	-----
Total Assets	\$30,038	\$13,675
	=====	=====
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Payroll taxes payable	\$1,437	\$1,393
	-----	-----
Total Liabilities	1,437	1,393
FUND BALANCES		
Investment in fixed assets	17,373	12,534
Restricted	1,680	23
Unrestricted	9,548	(275)
	-----	-----
Total Fund Balance	28,601	12,282
	-----	-----
Total Liabilities and Fund Balance	\$30,038	\$13,675
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
For years ended June 30, 1986 and 1985

REVENUES	1986	1985
State revenue	\$26,675	\$20,161
Local revenue	48,026	42,766
Service revenue	26,539	10,381
Other revenue	3,714	1,152
Restricted revenue	4,868	420
Fund raiser	1,144	0
Interest	207	0
	-----	-----
Total Revenue	111,172	74,880
EXPENDITURES		
Personal Services		
Salaries	64,845	54,332
Employee Benefits	8,492	6,998
	-----	-----
Total Personal Services	73,337	61,330
Operating Expenditures		
Contracted services	2,546	1,677
Supplies & materials	1,810	1,122
Communications	4,258	3,623
Travel	5,711	4,552
Rent & leases	4,632	3,311
Repairs & maintenance	338	50
Other	1,500	1,024
Restricted expenditures	3,210	397
	-----	-----
Total Operating Expenditures	24,005	15,757
Capital outlay	2,349	0
	-----	-----
Total Expenditures	99,691	77,087
	-----	-----
Excess (Deficiency) of Revenue Over Expenditures	11,481	(2,207)
Fund Balance beginning of the year	(252)	1,954
	-----	-----
Fund Balance end of year	\$11,228	(\$253)
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
NOTES TO FINANCIAL STATEMENT
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Alcohol and Drug Services of Central Montana, Inc. is a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, section 35-2-101 M.C.A. The entity filed and received tax exempt status under section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The entity provides out-patient alcohol and drug treatment and prevention services to the residents of Fergus, Judith Basin, Wheatland and Petroleum counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the entity. Revenues are recorded when cash is received and expenses are recorded when checks are issued, except for payroll withholdings which are accrued. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment and are also capitalized on the balance sheet with a corresponding fixed asset fund balance. The value of donated fixed assets is not recorded. No depreciation is recorded on the fixed assets. Inventory sheets of equipment owned by the entity and equipment on loan from the Montana Department of Highway Traffic Safety Division have been compiled. Equipment on loan is not included in the financial statements. Fixed asset additions totaled \$4,839 and \$376 in 1986 and 1985 respectively.

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. In addition to the State grant, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenue allocated to Alcohol and Drug Services of Central Montana, Inc. because of declining liquor sales and the State augmented with federal block grants via legislative appropriations in the amount of \$6,646 and \$8,465 for June 30, 1986 and 1985 respectively.

Revenues were received from the four participating counties as follows:

	1986	1985
Fergus	\$30,342	\$26,263
Judith Basin	7,557	7,119
Petroleum	3,804	3,583
Wheatland	<u>6,323</u>	<u>5,801</u>
Total Local Revenue	\$48,026 =====	\$42,766 =====

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE C SERVICE REVENUE

Service revenue consists of the following:

Service Revenue		
Fees for services	\$10,216	\$ 5,611
DUI school fees	3,965	4,770
Third party	11,807	0
Minors in possession	<u>550</u>	<u>0</u>
Total Service Revenue	\$26,538	\$10,381
	=====	=====

NOTE D RESTRICTED REVENUE

For year ended June 30, 1985, the Justice of the Peace donated \$400 and \$20 from Wheatland County for Youth Dynamic Program.

For year ended June 30, 1986, Alcohol and Drug Services of Central Montana, Inc. received the following amounts for the Youth Dynamic Program:

State of Montana Crime Control	\$1,700.00
City of Lewistown	1,500.00
DUI Task Force	<u>1,667.67</u>
Total	\$4,867.67
	=====

SUPPLEMENTARY INFORMATION

To The Board of Directors
Alcohol and Drug Services of Central Montana, Inc.
Lewistown, Montana

My report on the examination of the basic financial statements of the Alcohol and Drug Services of Central Montana, Inc. as of June 30, 1986 and 1985 appear on page D-2 of this report. This examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments if any which may have been necessary had I been able to extend my audit scope beyond the Alcohol and Drug Service of Central Montana Inc.'s recorded receipts as explained in the second paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 11, 1986

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET vs ACTUAL
for year ended June 30, 1986

REVENUE	BUDGET	OPERATING ACTUAL	VARIANCE
State revenue	\$19,939	\$26,675	\$6,736
Local revenue	54,668	48,026	(6,642)
Service revenue	18,677	26,539	7,862
Other revenue	0	5,065	5,065
Restricted revenue	0	4,868	4,868
	-----	-----	-----
Total Revenue	93,284	111,172	17,888
EXPENDITURES			
Personal services	74,527	73,337	1,190
Operating expenditures	18,757	24,005	(5,248)
Capital Outlay	0	2,349	(2,349)
	-----	-----	-----
Total Expenditures	93,284	99,691	(6,407)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$11,481	\$11,481
	=====	=====	=====
Reconciliation of Budget vs Actual to report of Revenue and Expenditures submitted to the Department of Institutions			
Total revenues (from above)		\$111,172	
Total revenues (per report)		107,786	

Difference		\$3,386	
		=====	
Difference due to net Restricted revenues		\$2,027	
Fundraiser		1,144	
Interest		207	
Unknown		8	

		\$3,386	
		=====	
Total expenditures (per above)		\$99,691	
Total expenditures (per report)		(96,239)	

		\$3,452	
		=====	
Differences due to Restricted expenditures		\$3,209	
Unrestricted expenditures		198	
Unknown		46	

		\$3,453	
		=====	

ALCOHOL AND DRUG SERVICES
OF CENTRAL MONTANA, INC.
LEWISTOWN, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET vs ACTUAL
for year ended June 30, 1985

REVENUE	BUDGET	OPERATING ACTUAL	VARIANCE
State revenue	\$11,696	\$20,161	\$8,465
Local revenue	54,668	42,766	(11,902)
Service revenue	16,591	10,381	(6,210)
Other revenue	0	1,152	1,152
Restricted revenue	0	420	420
	-----	-----	-----
Total Revenue	82,955	74,880	(8,075)
 EXPENDITURES			
Personal services	65,916	61,330	4,586
Operating expenditures	17,039	15,757	1,282
	-----	-----	-----
Total Expenditures	82,955	77,087	5,868
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	(\$2,207)	(\$2,207)
	=====	=====	=====

Reconciliation of Budget vs Actual to
report of Revenue and Expenditures
submitted to the Department of Institutions

Total revenues (from above)	\$74,880
Total revenues (per report)	74,460

Difference	\$420
	=====
Difference due to receipt of restricted revenues	\$420
	=====
Total expenditures (per above)	\$77,087
Total expenditures (per report)	76,799

	\$288
	=====
Differences due to restricted expenditures	\$397
Reduce expenditure for worker's comp. deposit	(250)
Irreconcilable difference is personal services	141

	\$288
	=====

To The Board of Directors
Alcohol and Drug Services of Central Montana, Inc.
Lewistown, Montana

I have examined the general purpose financial statements of the Alcohol and Drug Services of Central Montana, Inc., for the years ended June 30, 1986 and 1985, and have issued my report thereon dated September 11, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audit contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Alcohol and Drug Services of Central Montana, Inc., is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the corporation's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Alcohol and Drug Services of Central Montana, Inc. complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested Alcohol and Drug Services of Central Montana, Inc. was not in compliance with laws or regulations noncompliance with which could have a material effect on the corporation's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 11, 1986

To the Board of Directors
Alcohol and Drug Services of Central Montana, Inc.
Lewistown, Montana

I have examined the financial statements of Alcohol and Drug Services of Central Montana, Inc. for the years ended June 30, 1986 and 1985 and have issued my reports thereon dated September 11, 1986. As part of my examinations, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Alcohol and Drug Services of Central Montana, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole.

However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR AUDIT RECOMMENDATION

TIME SHEETS

The time sheets were not verified and signed by the immediate supervisor before disbursing the payroll.

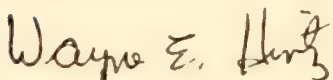
Resolution

The entity has complied with.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated September 11, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.



Wayne E. Hintz, CPA
September 11, 1986

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM

ROUNDUP, MONTANA

FINANCIAL REPORTS

For the Years Ended June 30, 1986 and 1985

MUSSELSHELL COUNTY DRUG AND ALCOHOL PROGRAM
ROUNDUP, MONTANA
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MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
ROUNDUP, MONTANA
COUNTY COMMISSIONERS AND ADVISORY BOARD

June 30, 1986
COUNTY COMMISSIONERS

Lyle Stortz
Richard Walker
Hershel Robbins

ADVISORY BOARD

Jerry Fisher	Chairman
Floyd Fisher	
Betty Schaff	
Donna Marmon	
Eric Harris	
Kim Foard	

June 30, 1985
COUNTY COMMISSIONERS

Francis Dawson
Richard Walker
Hershel Robbins

ADVISORY BOARD

Jerry Fisher	Chairman
Floyd Fisher	
Gerry Higgins	
Donna Marmon	
Harold Whitmore	
Betty Schaff	

To Musselshell County Commissioners
Musselshell County Alcohol and Drug Program
Roundup, Montana

I have examined the statements of assets, liabilities and fund balances-modified cash basis of Musselshell County Alcohol and Drug Program as of June 30, 1986 and 1985 and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the years then ended. Except as noted in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government audit standards for financial and compliance audits, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except that payroll withholdings are accrued. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have been necessary had I been able to extend my audit scope beyond the Musselshell County Alcohol and Drug Program's recorded receipts as referred to in the above paragraph, the financial statement referred to above presents fairly the cash balance of the Musselshell County Alcohol and Drug Program as of June 30, 1986 and 1985 and its revenues and expenditures for the years then ended, on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 10, 1986

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
STATEMENTS OF ASSETS, LIABILITIES, AND
FUND BALANCE-MODIFIED CASH BASIS
For year ended June 30, 1986 and 1985

ASSETS	1986	1985
Current Assets		
Cash in Bank		\$457
Due from State	\$889	
	-----	-----
Total Assets	\$889	\$457
	=====	=====
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Bank overdraft	\$5,737	\$0
Warrants Payable	1,613	570
	-----	-----
Total Liabilities	7,349	570
FUND BALANCE	(6,460)	(113)
	-----	-----
Total Liabilities and Fund Balance	\$889	\$457
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For year ended June 30, 1986 and 1985

	1986	1985
REVENUES		
State revenue	\$17,602	\$17,867
Local revenue	14,261	16,135
Service revenue	1,228	1,100
Other revenue	1,463	
	-----	-----
Total Revenue	34,554	35,102
 EXPENDITURES		
Personal Services		
Salaries	20,395	23,532
Employee Benefits	4,956	3,919
	-----	-----
Total Personal Services	25,351	27,451
 Operating Expenditures	15,550	10,302
	-----	-----
Total Expenditures	40,902	37,753
	-----	-----
Excess (Deficiency) of Revenue Over Expenditures	(6,348)	(2,651)
Fund Balance, beginning of year	(113)	2,538
	-----	-----
Fund Balance, end of year	(\$6,460)	(\$113)
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

MUSSELHELL COUNTY ALCOHOL AND DRUG PROGRAM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Musselshell County Alcohol and Drug Program is an unincorporated subdivision of Musselshell County. It is accounted for as part of the Musselshell County General Fund.

The entity provides out-patient alcohol and drug treatment and prevention services to the residents of Musselshell and Golden Valley counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

Effective July 1, 1986, the Musselshell County Alcohol and Drug Program was take over by South Central Montana Regional Mental Health Clinic-Chemical Dependency Program. All activities will be performed by South Central Montana Regional Mental Health Clinic. All treatment and services should be basically the same.

2. Basis of Accounting

The modified cash basis of accounting is used by the entity. Revenues are recorded when cash is received and expenditures are recorded when warrants are issued. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. There is no recorded inventory of equipment owned by the Program, in accordance with the modified cash basis of accounting. No depreciation is recorded on fixed assets.

4. Budget

An operating budget is adopted annually by the Advisory Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1986 and 1985

5. **Vacation and Sick Leave**
Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.
6. **Warrants Payable**
The county pays its claims by issuing a warrant ordering the County Treasurer to pay for the warrant upon presentation. Warrants issued but not presented for payment are reported as warrants payable.

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. In addition to the State grant, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenue allocated because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$2,051 and \$2,577 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from the two participating counties as follows:

	1986	1985
Musselshell	\$10,601	\$ 9,984
Golden Valley	3,660	3,459
Musselshell Revenue Sharing	<u>0</u>	<u>2,672</u>
Total Revenues	\$14,261 =====	\$16,135 =====

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1986 and 1985

NOTE C SERVICE REVENUE AND OTHER REVENUE

The service revenue was not broken out between fees for services and DUI school fees.

NOTE D P.E.R.S.

Musselshell County Alcohol and Drug Program is an unincorporated sub-division of Musselshell County. The employees of the program are subject to P.E.R.S. This was put in to effect in February, 1985. Records indicate that the State will not pursue retroactive collection of P.E.R.S. The retroactive amounts owed the P.E.R.S. program have not been determined.

SUPPLEMENTARY INFORMATION

To the Advisory Board of Directors
Musselshell County Alcohol and Drug Program
Roundup, Montana

My report on the examination of the basic financial statements of the Musselshell County Alcohol and Drug Program as of June 30, 1986 and 1985, appear on page E-2. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments, if any, which may have been necessary had I been able to extend my audit scope beyond the Musselshell County Alcohol and Drug Program's recorded receipts as explained in the third paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 10, 1986

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 BUDGET vs ACTUAL
 For year ended June 30, 1986

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$10,367	\$17,602	\$7,235
Local revenue	11,097	14,261	3,164
Service revenue	5,367	1,228	(4,139)
Other revenue		1,463	1,463
	-----	-----	-----
Total revenue	26,831	34,554	7,723
EXPENDITURES			
Personal services	20,157	25,351	(5,194)
Operating expenditures	6,674	15,550	(8,876)
	-----	-----	-----
Total Expenditures	26,831	40,902	(14,071)
	-----	-----	-----
Excess (Deficiency) of Revenue Over Expenditures	\$0	(\$6,348)	(\$6,348)
	=====	=====	=====

Reconciliation of Budget vs Actual
 of Revenues and Expenditures
 Report to the Department of
 Institutions

Total Revenue (from above)	\$34,554
Total Revenue (per report)	33,665

*Difference	\$889
	=====

*Difference is amounts due from State

Total Expenditures (from above)	\$40,902
Total Expenditures (per report)	39,324

**Difference	\$1,578
	=====

**Difference is irreconcilable

MUSSELSHELL COUNTY ALCOHOL AND DRUG PROGRAM
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 BUDGET vs ACTUAL
 For year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$15,290	\$17,867	\$2,577
Local revenue	16,646	16,135	(511)
Service revenue	7,349	1,100	(6,249)
	-----	-----	-----
Total revenue	39,285	35,102	(4,183)
EXPENDITURES			
Personal services	29,155	27,451	1,704
Operating expenditures	10,130	10,302	(172)
	-----	-----	-----
Total Expenditures	39,285	37,753	1,532
	-----	-----	-----
Excess (Deficiency) of Revenue Over Expenditures	\$0	(\$2,651)	(\$2,651)
	=====	=====	=====

Reconciliation of Budget vs Actual
 of Revenues and Expenditures
 Report to the Department of
 Institutions

Total Expenditures (from above)	\$37,753
Total Expenditures (per report)	36,621

*Difference	\$1,132
	=====

*Difference is irreconcilable

To The Advisory Board of Directors
Musselshell County Alcohol and Drug Program
Roundup, Montana

I have examined the general purpose financial statements of the Musselshell County Alcohol and Drug Program, for the years ended June 30, 1986 and 1985, and have issued my report thereon dated August 6, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Musselshell County Alcohol and Drug Program, is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations non-compliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my tests indicate that for the items tested Musselshell County Alcohol and Drug Program complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested Musselshell County Alcohol and Drug Program, was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
August 6, 1986

To the Advisory Board of Directors
Musselshell County Alcohol and Drug Program
Roundup, Montana

I have examined the financial statements of Musselshell County Alcohol and Drug Program for the fiscal years ended June 30, 1986 and 1985, respectively, and have issued my report thereon dated September 10, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organization, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Musselshell County Alcohol and Drug Program is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objective of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis for accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole.

However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR AUDIT RECOMMENDATION

Administration

The prior audit noted the following administrative problems:

1. Filing system was unorganized.
 - a. The filing system seems to be in better order in that all board minutes, grants and expenditure reports were available; however, it was still disorganized in that the files were cluttered and not in any sequence. I recommend that more time and effort be spent in organizing the filing system.
2. No formalized, authorized time sheets were maintained.
 - a. These are still not available and I recommend that some system for time sheets be maintained.
3. No fixed asset inventory listing was available.
 - a. An equipment inventory list is available but is inadequate. It should also include the following:
 - i. identifying tag number.
 - ii. source and serial number of asset if applicable.
 - iii. date of acquisition
 - iv. physical location
 - v. cost
 - b. Periodic inventories should be taken to insure that the inventory and assets on hand are in agreement.

4. Receipt books were not being maintained.
 - a. Receipt books are now being used; however, not all cash being received is being recorded. My examination disclosed that some receipts are missing, receipts do not explain what amounts received were for, and some had no dollar amount written in. I recommend that a receipt be prepared for all D.U.I. , services and miscellaneous items; to include: from whom amount was received, type of revenue, dollar amount and date. All receipts should be recorded numerically and if one is voided, it should be retained in the book.
5. There was no board policy concerning vacation and sick leave accumulations, and no record of accrued vacation and sick leave.
 - a. A policy has been adopted for vacation and sick leave; however, no records are maintained. I recommend that such records be kept.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examinations of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated September 10, 1986.

These recommendations apply to South Central Montana Regional Mental Health Clinic-Chemical Dependency Program, if they have not been implemented.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 10, 1986

REPLIES TO AUDIT COMMENTS

A reply to the management letter was solicited, but a timely response was not received.

ALCOHOL SERVICES OF GALLATIN COUNTY

BOZEMAN, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
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June 30, 1986 and 1985

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ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
BOARD OF DIRECTORS
JUNE 30, 1986

Gordon Elder	President
Cathy Conover	Vice-President
William A. Schreiber	
Les Egger	
Judge H. P. Goan	
Dr. Andro Gagne	
Bill Mumford	
Gloria Stablein	
Jerry Bechtle	

BOARD OF DIRECTORS
JUNE 30, 1985

Gordon Elder	President
Cathy Conover	Vice-President
William A. Schreiber	
Les Egger	
Judge H. P. Goan	
Dr. Andro Gagne	
Bill Mumford	
Gloria Stablein	
Jerry Bechtle	
Jane Jelinski	

To The Board of Directors
Alcohol Services of Gallatin County
Bozeman, Montana

I have examined the balance sheet-modified accrual basis of Alcohol Services of Gallatin Council for the years ended June 30, 1986 and 1985 and the related statements of revenues, expenditures, and changes in fund balances and changes in financial position-modified accrual basis for the years then ended. Except as noted in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits, and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the Council's policy is to prepare its financial statements on the modified accrual basis of accounting; consequently, revenues and the related assets are recognized when earned except client receipts which are recognized as income when paid, and expenses are recognized when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fee collections prior to the initial recording of such contributions in the accounting records. Accordingly, it was not practicable to extend my examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of services and fees referred to above been susceptible to satisfactory audit tests, the financial statements present fairly the financial position of Alcohol Services of Gallatin County on a modified accrual basis as of June 30, 1986 and 1985 and the results of its operations, changes in fund balances, and changes in its financial position for the years then ended. on the basis of accounting described in Note A.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 9, 1986

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
BALANCE SHEET
For years ended June 30, 1986 and 1985

ASSETS	1986	1985
Current Assets		
Petty Cash	\$50	\$50
Cash in Bank	31,174	13,567
County Receivables	0	3,156
	-----	-----
Total Current Assets	31,224	16,773
	-----	-----
FIXED ASSETS		
Furniture and Equipment	18,078	13,703
Accumulated Depreciation	(4,896)	(2,334)
	-----	-----
Total Fixed Assets	13,182	11,369
OTHER ASSETS		
Deposit	1,305	1,305
	-----	-----
Total Assets	\$45,711	\$29,447
	=====	=====
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
State tax payable	\$779	\$746
Accrued vacation & sick leave pay	3,736	2,737
Notes Payable-Computer	1,290	2,909
Due to Crime Control	1,500	
	-----	-----
Total Liabilities	7,305	6,392
	-----	-----
FUND BALANCE	38,406	23,055
	-----	-----
Total Liabilities and Fund Balance	\$45,711	\$29,447
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For years ended June 30, 1986 and 1985

REVENUES	1986	1985
State revenue	\$11,082	\$13,923
County revenue	77,098	72,576
Service revenue	72,644	60,568
Other revenue	3,178	875
Donations	0	1,023
Interest	1,048	926
	-----	-----
Total Revenue	165,050	149,891
EXPENDITURES		
Personal Services		
Salaries	96,449	86,372
Payroll Taxes	9,566	7,331
Tri-County Claim Payments	774	5,679
	-----	-----
Total Personal Services	106,789	99,382
Operating Expenditures		
Contracted services	1,500	816
Supplies & materials	7,873	5,927
Communications	7,261	7,527
Travel	1,458	766
Insurance	7,450	4,624
Rent & leases	12,598	11,866
Repairs & maintenance	686	903
Other	1,521	2,429
Depreciation	2,563	1,796
	-----	-----
Total Operating Expenditures	42,910	36,653
	-----	-----
Total Expenditures	149,699	136,035
	-----	-----
Excess (Deficiency) of Revenue Over Expenditures	15,351	13,856
Fund Balance beginning of the year	23,055	9,934
Adjustments		(735)
	-----	-----
Fund Balance end of year	\$38,406	\$23,055
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
STATEMENTS OF CHANGES IN FINANCIAL POSITION
For years ended June 30, 1986 and 1985

	1986	1985
FUNDS PROVIDED		
Excess revenues over expenditures	\$15,351	\$13,856
Notes Payable-Long term	2,563	1,796
	-----	-----
Total Funds Provided	17,914	15,652
FUNDS APPLIED		
Purchases of fixed assets	4,375	4,266
Adjustments		198
	-----	-----
	4,375	4,464
	-----	-----
INCREASE IN WORKING CAPITAL	\$13,539	\$11,188
	=====	=====
 CHANGES IN WORKING CAPITAL		
Increase (Decrease) in current assets		
Cash	\$17,608	\$9,090
Deposits		(514)
Accounts receivable	(3,156)	3,156
	-----	-----
	14,452	11,732
 Increase (Decrease) in current liabilities		
Accounts payable	33	746
Accrued Vacation and Sick Pay	999	990
Notes Payable-Current Portion	(1,619)	(1,192)
Due Crime Control	1,500	
	-----	-----
	913	544
	-----	-----
INCREASE IN WORKING CAPITAL	\$13,539	\$11,188
	=====	=====

The Notes to Financial Statements are an integral of
of these statements.

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Alcohol Services of Gallatin County is a private nonprofit corporation, incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The entity is an out-patient program providing alcohol treatment and prevention services to the residents of Gallatin County. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol abuse.

2. Basis of Accounting

The accompanying financial statements have been prepared on a modified accrual basis. The primary exception to accrual basis of accounting consists of the revenue recognition policy for client receipts. These receipts are recognized as income upon receipt of the payment. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

The fixed assets are recorded at cost. Assets are depreciated over five to ten years on a straight line basis.

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

NOTE B STATE AND LOCAL REVENUE

State revenues were grants that guaranteed the amount to be received by the County. Gallatin County was short on the amount of revenues allocated to Alcohol Services of Gallatin County because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$11,082 and \$13,923 for years ended June 30, 1986 and 1985 respectively.

ALCOHOL SERVICES OF GALLATIN COUNTY
BOZEMAN, MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
JUNE 30, 1986 and 1985

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs.

NOTE C RELATED PARTY TRANSACTIONS

On April 5, 1984, Charles R. and Dorothy M. Fox loaned \$4,400 at 14% interest per annum for 3 years. The funds were used to purchase a computer and software. Charles R. Fox is on the Board of Directors and is Treasurer of the Corporation. A formal note with the equipment as collateral was drawn. On June 30, 1986 and 1985 respectively, the balance of the note was \$1,290 and \$2,909.

NOTE D CONTINGENT LIABILITY

There is a claim against Tri-County Alcohol Facilities of which Alcohol Services of Gallatin County was a part prior to the formation of the current program. The claim is by the Montana Department of Labor and Industry, Job Services Division. In February, 1985, the claim amount was settled at \$7,500. Beaverhead and Madison Counties agreed to pay \$1,500 each with \$500 paid up front and the remaining \$1,000 each paid monthly over 2 years. Alcohol Services of Gallatin County paid \$1,500 of their \$4,500 (\$7,500 - 3,000 = \$4,500) up front and monthly payments of \$83.33 for the next 36 months.

To the Board of Directors
Alcohol Services of Gallatin County
Bozeman, Montana

I have examined the general purpose financial statements of the Alcohol Services of Gallatin County, Bozeman, Montana for the years ended June 30, 1986 and 1985, and have issued my report thereon dated October 9, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of the Alcohol Services of Gallatin County is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Alcohol Services of Gallatin County complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused us to believe that for the items not Alcohol Services of Gallatin County was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 9, 1986

To The Board of Directors
Alcohol Services of Gallatin County
Bozeman, Montana

I have examined the financial statements of Alcohol Services of Gallatin County for the years ended June 30, 1986 and 1985 and have issued my report thereon dated October 9, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Alcohol Services of Gallatin County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified accrual basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Alcohol Services of Gallatin County taken as a whole. However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR AUDIT RECOMMENDATIONS

TAX-EXEMPT SERVICE

Alcohol Services is incorporated as a non-profit organization. This allows the Corporation to be tax exempt for Federal Income Tax and Federal Unemployment if a tax exempt status is requested from the Internal Revenue Service. This has not been done. In addition, \$545.86 has been paid for Federal Unemployment as of June 30, 1986 and 1985.

Resolutions

Entity has complied with.

COLLECTION OF DUI FEES

If a driver is convicted of DUI, he must take a certain number of hours of class in order to keep his regular driver's license. There is a fee for this class, which is to be paid to Alcohol Services for this class. There have been times when drivers have failed to pay all or a portion of these fees. It then becomes a burden on the non-profit organization in time and expenses for collection.

Resolutions

Entity has complied with.

CURRENT AUDIT RECOMMENDATIONS

FILING SYSTEM

The filing system is disorganized.

Recommendation

I recommend that the entire office filing system be organized. Arrange files numerically or alphabetically, as the case may be, and have files organized by fiscal year.

BOARD MINUTES

There was no calendar of board minutes. Auditor did not always know if board minutes were taken. Also some board minutes were missing.

Recommendation

That a calendar of when board meetings are to be held with board minutes filed and reason given if board meeting was not held. Make sure a signed set of board minutes are kept in the official board minute file.

TRAVEL

The travel claims for the Director are not approved. Some travel claims are not completely filled out, ie, the miles, driver, time left, returned, etc.

Recommendation

I recommend that a board member sign the Director's travel claim and more care be taken when filling in the data on the travel claim.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 9, 1986

ALCOHOL SERVICES OF GALLATIN COUNTY

502 South 19th, Suite 302

Bozeman, Mt. 59715

(406) 586-5493

November 17, 1986

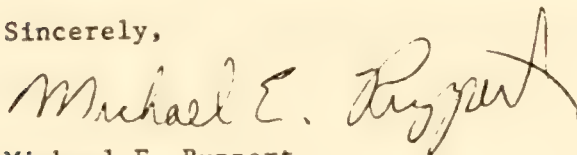
Wayne E. Hintz, CPA
P. O. Box 774
Helena, MT 59624

RE: Audit

Dear Wayne:

We are in receipt of your audit report dated November 10th, 1986. We find no error with your audit, and will follow the recommendations you have outlined.

Sincerely,

A handwritten signature in dark ink, reading "Michael E. Ruppert". The signature is fluid and cursive, with the first name "Michael" and last name "Ruppert" clearly legible.

Michael E. Ruppert
Director

MER/mt

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM

LIVINGSTON, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
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SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
BOARD OF DIRECTORS
June 30, 1986

Jack Hiatt Sr.	Chairman
Jerry Smith	Secretary/Treasurer
Nels Swandal	Member
Bonnie Swandal	Member
Patty Martin	Member
Beverly Koder	Member
Cliff Olson	Member
Sam VanDyke	Member
John Cey	Member
Owen Engen	Member
Deanna Egeland	Member

BOARD OF DIRECTORS
June 30, 1985

Jack Hiatt	Chairman
Joyce Vandervoort	Secretary/Treasurer
Nels Swandal	Member
Bonnie Swandal	Member
Gordon Suda	Member
Cliff Olson	Member
Sam VanDyke	Member
John Cey	Member
Patty Martin	Member
Beverly Koder	Member
Gene Halmes	Member

To the Board of Directors
Southwest Chemical Dependency Program
Livingston, Montana

I have examined the balance sheet of Southwest Chemical Dependency Program, a nonprofit organization, for the years ended June 30, 1986 and 1985 and the related statements of revenue, expenditures, changes in fund balances, and changes in financial position for the years then ended. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

No accounting controls are exercised over service and fees collections prior to the initial recording of such charges in the accounting records. Accordingly, it was not practicable to extend my examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of service and fees referred to above been susceptible to satisfactory audit tests, the financial statements present fairly the financial position of Southwest Chemical Dependency Program as of June 30, 1986 and 1985 and the results of its operations, changes in fund balance, and changes in its financial position for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 15, 1986

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
BALANCE SHEET
For years ended June 30, 1986 and 1985

ASSETS	1986	1985
CURRENT ASSETS		
Cash in bank	\$7,479	\$7,106
Petty cash	32	110
Accounts receivable	1,501	3,449
Prepaid expenses	608	2,298
	-----	-----
	9,621	12,963
Equipment	9,129	7,938
	-----	-----
Total Assets	\$18,750	\$20,901
	=====	=====
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$3,429	\$911
Payroll payables	0	4,067
Accounts payable, ASGC	(83)	833
Accrued vacation pay	5,546	2,898
	-----	-----
Total Current Liabilities	8,892	8,709
FUND BALANCE	9,857	12,192
	-----	-----
Total Liabilities and Fund Balance	\$18,750	\$20,901
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For years ended June 30, 1986 and 1985

REVENUES	1986	1985
State revenue	\$47,835	\$38,566
Local revenue	73,564	42,870
Service revenue	23,755	16,030
Other revenue	7,878	8,111
Interest	0	439
	-----	-----
Total Revenue	153,031	106,017
EXPENDITURES		
Personal Services		
Salaries	105,549	74,820
Employee benefits	17,111	14,615
	-----	-----
Total Personal Services	122,660	89,435
Operating Expenditures		
Contracted services	10,299	1,629
Supplies & materials	3,174	1,552
Communication	5,550	2,953
Travel	7,822	5,467
Rent	1,500	1,500
Utilities	924	491
Repairs	207	54
Other	3,230	1,358
	-----	-----
Total Operating Expenditures	32,706	15,004
	-----	-----
Total Expenditures	155,366	104,439
	-----	-----
Excess of Revenues over Expenditures	(2,335)	1,578
Fund Balance, beginning of year	12,192	10,614
	-----	-----
Fund Balance, end of year	\$9,857	\$12,192
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
For years ended June 30, 1986 and 1985

	1986	1985
FUNDS PROVIDED		
Excess of revenues over expenditures	(\$2,335) -----	\$1,578 -----
FUNDS APPLIED		
Purchases of fixed assets	1,191 -----	2,786 -----
INCREASE (DECREASE) IN WORKING CAPITAL	(\$3,525) =====	(\$1,208) =====
CHANGES IN WORKING CAPITAL		
Increase (Decrease) in current assets		
Cash	\$373	\$2,111
Petty cash	(78)	15
Accounts receivable	(1,948)	1,602
Prepaid expenses	(1,690) -----	1,563 -----
Total current assets	(3,343)	5,292
Decrease (Increase) in current liabilities		
Accounts payable	(1,827)	1,642
Payroll tax payable	(638)	2,224
Accrued vacation pay	2,648 -----	2,634 -----
Total current liabilities	183	6,500
INCREASE (DECREASE) IN WORKING CAPITAL	(\$3,525) =====	(\$1,208) =====

The Notes to Financial Statements are an integral part
of these statements.

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Southwest Chemical Dependency Program is a non-profit corporation. The entity is tax exempt per 501(c)(3) of the internal revenue code.

In February, 1985, the name was changed from Park County Alcohol and Drug Referral Center to Southwest Chemical Dependency Program. There was no change in the activities.

The Center is an out-patient program providing alcohol and drug treatment and prevention services to the residents of Park and Meagher counties. On February 1, 1985, Beaverhead and Madison County residents were included in the program. July 1, 1985, Sweetgrass County also was included in the program. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The accrual basis of accounting is used by the center. Their revenues are recognized when they are earned except for client fees and their expenses are recognized when they are incurred. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are capitalized at the time of purchase. No depreciation is recorded on fixed assets.

4. Budgets

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

area, to the programs. State revenue is an alcoholism treatment block administered from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions.

In addition to the above alcohol and drug grants, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenue allocated to Southwest Chemical Dependency Program because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$10,582 and \$11,764 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from the two participating counties as follows:

	1986	1985
Park	\$25,817	\$24,320
Meagher	7,495	7,156
Beaverhead	22,957	8,230
Madison	8,833	3,164
Sweetgrass	8,461	0
Total Local Revenue	\$73,563 =====	\$42,870 =====

NOTE C SERVICE AND OTHER REVENUE

Service and other revenue consist of the following:

Service Revenue

Fees for services	\$ 8,855	\$ 8,735
Minors in possession	1,695	
DUI school fees	11,125	7,295
Third party payments	2,080	
Total Service Revenue	\$23,755 =====	\$16,030 =====

Other Revenue

BLM Reserve	\$ 0	\$ 2,000
City of Dillon	5,000	1,450
JPTA Grant	708	1,068
Misc.	970	3,593
Meagher	1,200	0
Total Other Revenue	\$ 7,878 =====	\$ 8,111 =====

SUPPLEMENTARY INFORMATION

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Southwest Chemical Dependence Program
Livingston, Montana

My report on my examinations of the basic financial statements of Southwest Chemical Dependency Program as of June 30, 1986 and 1985 appear on page G-2. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments if any which may have been necessary had I been able to extend my audit scope beyond Southwest Chemical Dependency Program's recorded receipts as explained in the second paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA
Wayne E. Hintz, CPA
October 15, 1986

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET vs ACTUAL
For the year ended June 30, 1986

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$37,253	\$47,835	\$10,582
Local revenue	92,060	73,564	(18,497)
Service revenue	32,322	23,755	(8,567)
Other revenue	0	7,878	7,878
	-----	-----	-----
Total Revenue	161,635	153,031	(8,604)
EXPENDITURES			
Personal services	126,710	122,660	4,050
Operating expenditures	34,925	32,706	2,219
	-----	-----	-----
Total Expenditures	161,635	155,366	6,269
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	(\$2,335)	(\$2,335)
	=====	=====	=====

Reconciliation of Budget vs Actual
to Report submitted to
Department of Institutions

Total revenue (from above)	\$153,031
Total revenue (from report)	152,967

Difference	\$64
	=====
Unknown	\$64
	=====
Total expenditures (from above)	\$155,366
Total expenditures (per report)	154,724

Difference	\$642
	=====
Accrued vacation pay	\$2,648
Adjustment of prepaid expenses	(342)
Unknown	(1,664)

	\$642
	=====

SOUTHWEST CHEMICAL DEPENDENCY PROGRAM
LIVINGSTON, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET vs ACTUAL
For the year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$26,790	\$38,566	\$11,776
Local revenue	61,458	42,870	(18,588)
Service revenue	22,062	16,030	(6,032)
Other revenue	0	8,551	8,551
	-----	-----	-----
Total Revenue	110,310	106,017	(4,293)
EXPENDITURES			
Personal services	92,862	89,435	3,427
Operating expenditures	17,448	15,004	2,444
	-----	-----	-----
Total Expenditures	110,310	104,439	5,871
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$1,578	\$1,578
	=====	=====	=====

Reconciliation of Budget vs Actual
to Report submitted to
Department of Institutions

Total revenue (from above)	\$106,017
Total revenue (from report)	100,513

Difference	\$5,504
	=====
Unknown	\$5,504
	=====
Total expenditures (from above)	\$104,439
Total expenditures (per report)	102,859

Difference	1,580
Accrued vacation pay	2,634
Adjustment of prepaid expenses	(306)
Accrual of payroll taxes	(228)
Unknown	(520)

	\$1,580
	=====

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Southwest Chemical Dependency Program
Livingston, Montana

I have examined the general purpose financial statements of the Southwest Chemical Dependency Program for the years ended June 30, 1986 and 1985, and have issued my report thereon dated October 15, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Southwest Chemical Dependency Program is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Southwest Chemical Dependency Program complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 15, 1986

To the Board of Directors
Southwest Chemical Dependency Program
Livingston, Montana

I have examined the financial statements of Southwest Chemical Dependency Program for the years ended June 30, 1986 and 1985 and have issued my report thereon dated October 15, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked Alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and valuation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Southwest Chemical Dependency Program is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system in internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Southwest Chemical Dependency Program taken as a whole.

However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amount that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR AUDIT RECOMMENDATIONS

OFFSETTING RECEIPTS AGAINST EXPENDITURES

The entity has been offsetting receipts for pamphlets and miscellaneous materials against the supplies and materials account.

Resolution

The entity has complied with.

CURRENT AUDIT RECOMMENDATIONS

REVENUES

The State grants and County earmarked revenues were recorded in the same general ledger account.

Recommendation

I recommend that the State grants and County revenues be recorded separately.

INVOICES

The paid invoices are filed by quarter and are not always marked paid.

Recommendation

If possible, I would recommend that the invoices be marked paid and filed numerically by check number.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated October 15, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 15, 1986

Southwest Chemical Dependency Program
414 E. Callender Livingston, MT. 59047
Telephone (406) 222-2812

Kenneth M. Ingle
Program Director

John W. Cey, M.D.
Medical Consultant

Serving Outpatient Needs With:

Beaverhead C. D. Facility
Beaverhead County Courthouse
Billon, MT. 59725
Telephone: (406) 683-4305

Madison Alcohol Services
P.O. Box 907
NI Building
nnis, MT. 59729
Telephone: (406) 682-7190

Meagher Co. Alcohol & Drug Services
P.O. Box 474
Masonic Building
White Sulphur Springs, MT 59645
Telephone: (406) 547-2249

Park Co. Alcohol & Drug Referral Center
14 East Callender
Livingston, MT. 59047
Telephone (406) 222-2812

Sweetgrass Alcohol Services
Sweetgrass County Courthouse
Big Timber, MT 59011
Telephone: (406) 932-5145

11/24/86

Wayne E. Hintz, CPA
P.O. Box 774
Helena, MT. 59624

Re: Response to Rough Draft of Audit

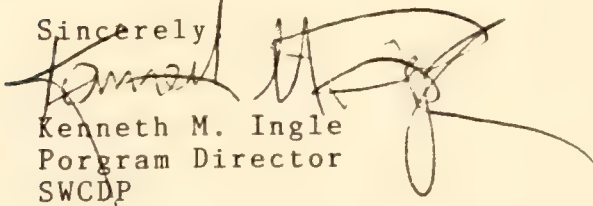
Dear Mr. Hintz,

Your listing of the corporation's board of directors appears accurate and after review by myself, the Chairman of the Board and our contract accountant we conclude we have no questions or desire to comment.

In response to your current audit recommendations I would like to update you on action we have taken. We now have separate ledger accounts by county and for the state contract. We are now marking invoices "paid". In addition, we have contracted with an accountant for further technical assistance.

The Board, myself and the staff wish to take this opportunity to thank you for the professional manner displayed in conducting your audit and for the useful information and suggestions from you in the process.

Sincerely,


Kenneth M. Ingle
Program Director
SWCDP

POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.

DEER LODGE, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.
DEER LODGE, MONTANA
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POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.
DEER LODGE, MONTANA
BOARD OF DIRECTORS
June 30, 1986

Dick Bauman	Chairman
Ted Mizner	Financial Chairman
Dayle Hill	
Jim Thompson	
Terry McGillis	
Sam Beausoleil	
Tom Cotton	
Rick Gunter	
June Bowls	

BOARD OF DIRECTORS
June 30, 1985

Dick Bauman	Chairman
Ted Mizner	Financial Chairman
Richard Tolon	
Terry McGillis	
Dayle Hill	
Jim Thompson	
Sam Beausoleil	
Tom Cotton	

To the Board of Directors
Powell County Alcoholism Prevention Center, Inc.
Deer Lodge, Montana

I have examined the Statement of Cash Receipts and Disbursements -cash basis of the Powell County Alcoholism Prevention Center (a non-profit organization) for the years ended June 30, 1986 and 1985. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government audit standards for financial and compliance audits, and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have been necessary had the collection of service revenues referred to above been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly the cash receipts and disbursements -cash basis- of the Powell County Alcoholism Prevention Center at June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA
Wayne E. Hintz, CPA
October 17, 1986

POWELL COUNTY ALCOHOLISM PREVENTION CENTER INC.
DEER LODGE, MONTANA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For year ended June 30, 1986 and 1985

CASH RECEIPTS	1986	1985
State Revenue	\$6,269	\$6,341
Local Revenue	21,236	19,516
Service Revenue	1,975	2,188
Interest	147	390
City of Deer Lodge	3,000	3,000
	-----	-----
Total Receipts	32,627	31,435
CASH DISBURSEMENTS		
Personal Services		
Salaries	23,537	22,029
Employee Benefits	3,299	2,496
	-----	-----
Total Personal Services	26,836	24,524
Operating Expenditures		
Contracted Services	2,587	1,495
Supplies and Materials	301	642
Communications	1,045	841
Travel	1,288	808
Rent	1,980	1,980
Utilities	163	179
Repair	207	
Other	603	551
	-----	-----
Total Operating Expenditures	8,174	6,495
	-----	-----
Total Cash Disbursements	35,010	31,020
	-----	-----
Increase (Decrease) of Revenues Over Expenditures	(2,383)	415
Beginning Cash	4,780	4,365
	-----	-----
Ending Cash	\$2,397	\$4,780
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.
DEER LODGE, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Powell County Alcoholism Prevention Center, Inc. is a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, section 35-2-101 M.C.A. The entity filed and received tax exempt status under section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The organization provides out-patient alcohol and drug treatment and prevention services to the residents of Powell and Granite counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The cash basis of accounting is used by the organization. Revenues are recorded when cash is received and expenses recorded when cash is paid. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. There is no recorded inventory of equipment owned by the entity in accordance with the cash basis of accounting. No depreciation is recorded on fixed assets.

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.

POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.
DEER LODGE, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions.

In addition to the State grant, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenues allocated to the Powell County Alcoholism Prevention Center, Inc. because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$2,783 and \$3,495 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from the participating counties as follows:

	1986	1985
Powell	\$17,374	\$16,011
Granite	<u>3,862</u>	<u>3,504</u>
Total Local Revenues	<u>\$21,236</u> =====	<u>\$19,515</u> =====

NOTE C SERVICE AND OTHER REVENUE

Service and other revenue consist of the following:

Service Revenue		
Fees for services	\$ 1,125	\$ 460
DUI school fees	<u>1,063</u>	<u>1,515</u>
Total Service Revenue	<u>\$ 2,488</u> =====	<u>\$ 1,975</u> =====

SUPPLEMENTARY INFORMATION

To The Board of Directors
Powell County Alcoholism Prevention Center
Deer Lodge, Montana

My report on the examinations of the basic financial statements of the Powell County Alcoholism Prevention Center as of June 30, 1986 and 1985 appears on page H-2 of this report. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments if any which may have been necessary had I been able to extend my audit scope beyond the Powell County Alcoholism Prevention Center's recorded receipts as explained in the third paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 17, 1986

POWELL COUNTY ALCOHOLISM PREVENTION CENTER INC.
DEER LODGE, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-CASH BASIS
BUDGET vs ACTUAL
For year ended June 30, 1986

Revenue	BUDGET	ACTUAL	VARIANCE
State revenue	\$3,486	\$6,269	\$2,783
Local revenue	22,580	21,236	(1,344)
Service revenue	6,516	1,975	(4,541)
Other revenue	0	3,147	3,147
	-----	-----	-----
Total Revenue	32,582	32,627	45
Expenditures			
Personal services	25,428	26,836	(1,408)
Operating expenditures	7,154	8,174	(1,020)
	-----	-----	-----
Total Expenditures	32,582	35,010	(2,428)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	(\$2,383)	(\$2,383)
	=====	=====	=====

Reconciliation of Budget vs. Actual
to report of Revenues and Expenditures
submitted to Department of Institutions

Total revenue (from above)	\$32,627
Total revenue (per report)	34,089

Difference	(\$1,462)
	=====
Difference is due to:	
Savings withdrawal	\$1,356
Interest accrual	80
Service revenues overstated	25

	\$1,462
	=====
Total expenditures (from above)	\$35,010
Total expenditures (per report)	35,035

Difference	\$25
	=====
Difference is due to cancelled checks	\$22
Irreconcilable	3

	\$25
	=====

POWELL COUNTY ALCOHOLISM PREVENTION CENTER INC.
DEER LODGE, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-CASH BASIS
BUDGET vs ACTUAL
For year ended June 30, 1985

Revenue	BUDGET	ACTUAL	VARIANCE
State revenue	\$2,846	\$6,341	\$3,495
Local revenue	22,580	19,516	(3,065)
Service revenue	6,357	2,188	(4,169)
Other revenue	0	3,390	3,390
	-----	-----	-----
Total Revenue	31,783	31,435	(348)
Expenditures			
Personal services	24,837	24,524	313
Operating expenditures	6,946	6,495	451
	-----	-----	-----
Total Expenditures	31,783	31,020	763
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$415	\$415
	=====	=====	=====

Reconciliation of Budget vs. Actual
to report of Revenues and Expenditures
submitted to Department of Institutions

Total expenditure (from above)	\$31,020
Total expenditure (per report)	31,212

Difference	\$192
	=====

Difference is irreconcilable

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Powell County Alcoholism Prevention Center
Deer Lodge, Montana

I have examined the general purpose financial statements of the Powell County Alcoholism Prevention Center, Deer Lodge, Montana for the years ended June 30, 1986 and 1985, and have issued my report thereon dated October 17, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circular A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Powell County Alcoholism Prevention Center is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations non-compliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Powell County Alcoholism Prevention Center, complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, Powell County Alcoholism Prevention Center, was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA
October 17, 1986

To The Board of Directors
Powell County Alcoholism Prevention Center, Inc.
Deer Lodge, Montana

I have examined the financial statements of Powell County Alcoholism Prevention Center, Inc. for the years ended June 30, 1986 and 1985 and have issued my report thereon dated October 17, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Powell County Alcoholism Prevention Center, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

This report is intended solely for the use of management and the legislature, and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I would like to take this opportunity to thank the Center's Director and Bookkeeper for the assistance and courtesy extended during the course of my examination.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA

October 17, 1986

POWELL COUNTY ALCOHOLISM PREVENTION CENTER, INC.

~~PO BOX 338~~
309 Missouri Avenue
Phone 406-846-3442
Deer Lodge, Montana 59722

November 5, 1986

Wayne E. Hintz, CPA
P.O. Box 774
Helena, MT 59624

Re: Audit of Years Ended June 30, 1986 and 1985

Dear Mr. Hintz:

In response to your letter of November 3, 1986, the Board of Directors listing is correct as presented for both 1986 and 1985. We were lacking one Board Member at the end of June 30, 1985, but we did elect another in November to meet our requirement of a nine-member Board. In November, 1986, our entire financial committee will conclude their terms of office, and I feel this audit report will serve as an excellent guide for the new members.

I considered this audit a positive experience for the new staff at Powell County Alcoholism Prevention Center, Inc. We had no transition from the former bookkeeper to our new one--it was an abrupt change. Your help in correcting our fund balance is allowing the new bookkeeper to meet with success in her reports to the State. The Cash Summary Sheet, in particular, is now in reconciliation.

Her attempts at setting up a consistent and accountable fee collection system were completed by the extra time you spent establishing the Accounts Receivable for our program. Supplies will be ordered and the entire system initiated.

We certainly respected your professionalism and appreciated your opinion.

Sincerely,



Ron Luchau, CDC Director
Powell County Alcoholism
Prevention Center, Inc.

RLL:mjc

BUTTE INDIAN ALCOHOLISM PROGRAM

BUTTE, MONTANA

FINANCIAL REPORTS

For Years Ended September 30, 1986 and 1985

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
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BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
BOARD OF DIRECTORS
September 30, 1986

Rose Gray
Rick Berry
Delores Fisher
Ruth LaBuff
Clifford Johnson
Micky Murphy
Ed Gardipee

Chairperson
Vice-chairperson
Secretary
Member
Member
Member
Member

BOARD OF DIRECTORS
September 30, 1985

Willie Johnson
Ed Gardipee
Mona Azure
Lena Buckman
Jim Matlack
Rose Gray
Esther White

Chairperson
Vice-chairperson
Secretary
Member
Member
Member
Member

To the Board Of Directors
Butte Indian Alcoholism Program
Butte, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis, of the Butte Indian Alcoholism Program as of September 30, 1986 and 1985, and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the years then ended. Except as noted in the following paragraphs, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except that payroll withholdings are accrued. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

The scope of my examination was limited to an examination of the recorded receipts of the Butte Indian Alcoholism Program.

In my opinion, except for the effects of any adjustments that might have resulted had I been able to extend my audit scope beyond the Butte Indian Alcoholism Program's recorded receipts referred to in the above paragraph, the financial statements present fairly the cash receipts and disbursements-modified basis of the Butte Indian Alcoholism Program as of September 30, 1984 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 30, 1986

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES - MODIFIED CASH BASIS
For years ended September 30, 1986 and 1985

ASSETS	1986	1985
Current Assets		
Cash in bank	\$10,243	\$970
Cash in savings	4,553	668
Certificates of deposits	16,000	17,000
Due from local Government		3,750
Due from HHS	6,380	6,320
	-----	-----
Total Assets	\$37,177	\$28,708
	=====	=====
LIABILITIES AND FUND BALANCE		
Current Liabilities		
FICA Withholding	\$0	\$1
State Withholding	474	439
	-----	-----
Total Liabilities	474	440
Fund Balance - unrestricted	33,039	28,211
Fund Balance - restricted	3,664	57
	-----	-----
Total Fund Balance	36,703	28,267
Total Liabilities and Fund Balance	\$37,177	\$28,708
	=====	=====

The Notes to Financial Statements are an integral part of these statements.

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
For year ended September 30, 1986

REVENUES	Unrestricted	Restricted	Total
Federal revenue	\$0	\$75,689	\$75,689
State revenue	7,465		7,465
Local revenue	11,106		11,106
Other revenue	5,119	16,564	21,682
	-----	-----	-----
Total Revenue	23,689	92,252	115,942
EXPENDITURES			
Personal Services			
Salaries	9,236	55,882	65,118
Employee benefits	3,256	11,112	14,368
	-----	-----	-----
Total Personal Services	12,492	66,994	79,486
Operating Expenditures			
Contracted services	346	1,109	1,455
Supplies & materials	564	2,219	2,784
Communications	1,327	4,375	5,702
Travel	841	5,153	5,994
Rent & leases		3,300	3,300
Utilities	335	952	1,287
Repairs & maintenance	700	265	965
Other	2,256	4,278	6,533
	-----	-----	-----
Total Operating Expenditures	6,369	21,651	28,020
	-----	-----	-----
Total Expenditures	18,861	88,645	107,506
Excess (Deficiency) of Revenues Over Expenditures	4,829	3,607	8,436
Fund Balance, beginning of year	28,211	57	28,267
	-----	-----	-----
Fund Balance, end of year	\$33,039	\$3,664	\$36,703
	=====	=====	=====

The Notes to Financial Statements are an integral part
of this statement.

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
For year ended September 30, 1985

REVENUES	Unrestricted	Restricted	Total
Federal revenue	\$0	\$71,266	\$71,266
State revenue	9,801		9,801
Local revenue	12,500		12,500
Other revenue	7,540		7,540
	-----	-----	-----
Total Revenue	29,841	71,266	101,107
EXPENDITURES			
Personal Services			
Salaries	14,514	49,134	63,648
Employee benefits	4,476	9,348	13,824
	-----	-----	-----
Total Personal Services	18,990	58,483	77,472
Operating Expenditures			
Contractred services	1,550		1,550
Supplies & materials	113	1,458	1,572
Communications	1,135	3,538	4,672
Travel	2,033	3,540	5,574
Rent & leases		3,000	3,000
Utilities	2,397		2,397
Repairs & maintenance	790		790
Other	5,696	1,586	7,282
	-----	-----	-----
Total Operating Expenditures	13,714	13,122	26,837
	-----	-----	-----
Total Expenditures	32,704	71,605	104,309
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	(2,863)	(339)	(3,202)
Fund Balance, beginning of year	31,074	396	31,469
	-----	-----	-----
Fund Balance, end of year	\$28,211	\$57	\$28,267
	=====	=====	=====

The Notes to Financial Statements are an integral part
of this statement.

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
NOTES TO FINANCIAL STATEMENTS
September 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Butte Indian Alcoholism Program is a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, section 35-2-101 M.C.A. The entity filed and received tax exempt status under section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The entity provides intermediate and out-patient alcohol and drug treatment and prevention services to the residents of Silver Bow County. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the entity. Revenues are recorded when cash is received and expenses are recorded when checks are issued, except for payroll withholdings and amounts due the program on the HHS Cost Reimbursement Contract and local funds which are accrued. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions and the Health, and Human Services Department of the United States Government.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. No depreciation is recorded on the fixed assets.

4. Budget

A budget for the HHS Cost Reimbursement Contract, Indian Health Services is adopted annually and approved by the HHS.

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.

BUTTE INDIAN ALCOHOLISM PROGRAM
BUTTE, MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
September 30, 1986 and 1985

NOTE B FEDERAL, STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the county, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment grant from Alcohol, Drug, and Mental Health Services, administered by the Montana Department of Institutions.

In addition to the alcoholism grant, the state guaranteed the amount to be received by Butte Indian Alcoholism Program from Silver Bow County. The county was short on the amount of revenue allocated because of declining liquor sales and the state augmented with block grant funds via legislative appropriations in the amount of \$1,847 and \$2,322 for years ended September 30, 1986 and 1985 respectively.

Federal revenue is a cost reimbursement contract granted by the U.S. Department of Health and Human Services, Indian Health Services and is accounted for as restricted revenue.

NOTE C OTHER REVENUE

Other revenue consists of the following:

	1986	1985
Fees for rent - Recovery House	\$4,228	\$6,087
Interest	<u>891</u>	<u>1,453</u>
Total Other Revenue	\$5,119 =====	\$7,540 =====

To the Board of Directors
Butte Indian Alcoholism Program
Butte, Montana

I have examined the general purpose financial statements of the Butte Indian Alcoholism Program Butte, Montana for the years ended September 30, 1986 and 1985, and have issued my report thereon dated October 30, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of the Butte Indian Alcoholism Program is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Butte Indian Alcoholism Program complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused us to believe that for the items not tested, Butte Indian Alcoholism Program was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 30, 1986

To the Board of Directors
Butte Indian Alcoholism Program
Butte, Montana

I have examined the financial statements of Butte Indian Alcoholism Program for the years ended September 30, 1986 and 1985 and have issued my reports thereon dated October 30, 1986. As part of my examinations, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and county revenues
2. Client fees
3. Payroll and Rents
4. General expenditures

My study included the control categories listed above. I applied alternative tests to client fees and general expenditures because the audit could be performed more efficiently by expanding substantive audit work. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Butte Indian Alcoholism Program is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated October 30, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz CPA

Wayne E. Hintz, CPA
October 30, 1986

BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
FINANCIAL REPORT
June 30, 1986 and 1985

BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
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BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
BOARD OF DIRECTORS
June 30, 1986 and 1985

1986

Tom Hensley	President
Andy Johnston	Vice-President
Clayton Sheets	Secretary/Treasurer
Louis Forsell	Member
Bob Decker	Member
Tom McBride	Member
Brad DeZort	Member
Hal Harper	Member
Fred Johnson	Member
Curt Larsen	Member
LaNelle Peterson	Member
Joyce Janacaro	Member

1985

Louis Forsell	President
Tom Hensley	Vice-President
Andy Johnston	Secretary/Treasurer
Clayton Sheets	Member
Bob Decker	Member
Tom McBride	Member
Brad DeZort	Member
Hal Harper	Member
Fred Johnson	Member
Curt Larsen	Member
LaNelle Peterson	Member
Joyce Janacaro	Member

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Boyd Andrew Service Center
Helena, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis of the Boyd Andrew Service Center (a non-profit organization) as of June 30, 1986 and 1985 and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the year then ended. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except that payroll taxes, employee advances, long-term debt, and capital outlay are accrued. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have been necessary had the collection of service revenues referred to in the third paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the above paragraph present fairly the assets, liabilities and fund balances-modified cash basis of the Boyd Andrew Service Center as of June 30, 1984, and its revenue, expenditures and changes in fund balance for the year then ended, on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA

November 14, 1986

BOYD ANDREW CHEMICAL DEPENDENCY CARE CENTER
HELENA, MONTANA
BALANCE SHEET
June 30, 1986 and 1985

	1986	1985
ASSETS		
CURRENT ASSETS		
Petty cash	\$50	\$50
Cash - Food Stamps	2	2
Cash in bank	45,194	20,926
Savings	62,623	67,704
	-----	-----
Total Current Assets	107,870	88,683
FIXED ASSETS		
Land	7,550	7,550
Building	30,000	30,000
Fixtures and Equipment	30,475	14,247
Less: Accumulated Depreciation	(19,199)	(13,253)
	-----	-----
Total Fixed Assets	48,826	38,544
OTHER ASSETS		
Deposits	185	185
Total Assets	\$156,881	\$127,412
	=====	=====
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Payroll Taxes	\$1,890	\$1,836
Current portion - Mortgage payable	3,451	3,186
	-----	-----
Total Current Liabilities	5,341	5,022
Mortgage Payable - net of current portion	9,496	12,936
Total Liabilities	\$14,837	\$17,957
Fund Balance	142,044	109,455
	-----	-----
Total Liabilities and Fund Balance	\$156,881	\$127,412
	=====	=====

The notes to Financial Statements are an integral part
of these statements.

BOYD ANDREW CHEMICAL DEPENDENCY CARE CENTER
HELENA, MONTANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
MODIFIED CASH BASIS

For the years ended June 30, 1985 and 1986

	Alcohol June 30, 1986	Drug June 30, 1986	Alcohol June 30, 1985	Drug June 30, 1985
REVENUES				
State Revenue	\$53,330	\$52,299	\$71,378	\$64,367
County Revenue	150,084	0	136,062	6,808
Service Revenue	114,815	7,060	94,263	9,967
Other Revenue	30,578	0	27,483	0
	-----	-----	-----	-----
Total Revenue	348,807	59,359	329,186	81,142
EXPENDITURES				
Personal Services				
Salaries	167,561	52,631	160,999	48,827
Employee benefits	31,584	10,148	29,813	8,949
	-----	-----	-----	-----
Total Personal Srvcs.	199,145	62,779	190,812	57,776
Operating Expenditures				
Contracted services	13,128	1,436	13,808	1,231
Supplies	26,321	876	29,495	1,772
Communications	24,250	2,249	20,117	4,632
Travel	10,485	0	9,206	600
Rent	11,267	0	10,578	1,476
Utilities	5,284	406	5,286	517
Repairs & maintenance	6,467	210	8,370	1,927
Other Expenditures	5,096	233	8,439	948
Depreciation	5,946	0	3,521	0
	-----	-----	-----	-----
Total Operating Expense	108,244	5,409	108,820	13,104
	-----	-----	-----	-----
Total Expenditures	307,389	68,188	299,633	70,879
	-----	-----	-----	-----
Excess (Deficiency) of Revenues over Expenditures	41,418	(8,829)	29,554	10,263
Fund Balance beginning of year				
Adjustments to Fund Balance	95,814	13,641	66,261	3,378
	-----	-----	-----	-----
Fund Balance end of year	\$137,232	\$4,812	\$95,814	\$13,641
	=====	=====	=====	=====

The notes to Financial Statements are an integral part
of these statements.

BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Boyd Andrew Service Center is a non-profit corporation, incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The Center filed and received tax-exempt status under Section 509(a)(1) of the Internal Revenue Code and is exempt from state and federal taxation.

The Center is an out-patient program providing alcohol and drug treatment and prevention services to the residents of the area. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the Center. Revenues are recorded when cash is received and expenditures are recorded when checks are issued except for payroll taxes payable, employee advances, long term debt, and capital outlay. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions.

3. Fixed Assets

Fixed assets are recorded at cost, less accumulated depreciation. Depreciation of fixed assets is provided for utilizing the straight line method and accelerated cost recovery system over the following estimated useful lives:

Building	30 years
Fixtures & Equipment	5 years

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when

BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. In addition to the State grant, the State guaranteed the amount to be received from the counties. The counties were short on the amount of revenue allocated to Boyd Andrew Service Center because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amounts of \$11,529 and \$25,553 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from the participating counties as follows:

	<u>1986</u>	<u>1985</u>
Lewis and Clark	\$ 82,141	\$ 75,694
Teton	15,380	13,917
Teton Revenue Sharing	2,303	0
Jefferson	14,338	13,800
Jefferson Revenue Sharing	0	1,526
Broadwater	7,802	7,029
Glacier	11,922	10,789
Pondera	16,198	13,307
Total	<u>\$150,084</u>	<u>\$136,062</u>
	=====	=====

NOTE C SERVICE REVENUE AND OTHER REVENUE

Service and other revenue consists of the following:

	<u>1986</u>	<u>1985</u>
<u>Service Revenue</u>		
Fees for service	\$ 47,113	\$ 26,116
DUI School fees	34,197	27,500
Insurance	33,505	39,901
Food Stamps	0	656
Total Service Revenue	<u>\$114,815</u>	<u>\$ 94,263</u>
	=====	=====

BOYD ANDREW SERVICE CENTER
HELENA, MONTANA
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

	<u>1986</u>	<u>1985</u>
<u>Other Revenue</u>		
United Way	\$ 6,100	\$ 6,100
Interest Income	7,832	5,047
Donations	430	4,950
Pop/Literature Sales	5,171	1,660
Revenue Sharing	5,906	3,802
City of Cut Bank	1,200	1,100
Miscellaneous	<u>3,939</u>	<u>4,824</u>
Total Other Revenue	\$ 30,578	\$ 27,483
	=====	=====

NOTE D LONG TERM DEBT

The Center's outstanding long term debt of \$19,134 consists of a mortgage on the Administration/Counseling Building. Monthly payments are \$364.02, including interest at 8% per annum, over a ten-year period, with the final payment due in 1990. The principal debt repayment requirements for the subsequent five-year period ending June 30, are as follows:

1987	3,451
1988	3,601
1989	3,892
1990	2,003

SUPPLEMENTARY INFORMATION

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Boyd Andrew Service Center
Helena, Montana

My report on the examination of the basic financial statements of the Boyd Andrew Service Center as of June 30, 1986 and 1985, appears on page J-2. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments, if any, which may have been necessary had I been able to extend my audit scope beyond the Boyd Andrew Service Center's recorded receipts as explained in the third paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA

November 14, 1986

BOYD ANDREW CHEMICAL DEPENDENCY CARE CENTER
HELENA, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-ALCOHOL PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1986

	BUDGET	ACTUAL	VARIANCE
Revenues			
State Revenue	\$45,601	\$53,330	\$7,729
County Revenue	165,054	150,084	(\$14,970)
Service Revenue	56,376	114,815	\$58,439
Other Revenue	14,850	30,578	\$15,728
	-----	-----	-----
Total Revenue	281,881	348,807	66,926
Expenditures			
Personal Services	192,857	199,145	(6,288)
Operating expenditures	86,080	108,244	(22,164)
Capital Outlay	2,944	0	2,944
	-----	-----	-----
Total Expenditures	281,881	307,389	(25,508)
Excess (Deficiency) of Revenues	-----	-----	-----
Over Expenditures	\$0	\$41,418	\$41,418
	=====	=====	=====
Reconciliation of Budget vs. Actual			
to report of Revenues and Expenditures			
submitted to Department of Institutions			
Total Expenditures (from above)		\$307,389	
Total Expenditures (per report)		318,332	

Difference		(\$10,943)	
		=====	
Explanation			
Due to balance sheet items expensed		\$10,943	
		=====	

BOYD ANDREW CHEMICAL DEPENDENCY CARE CENTER
HELENA, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-ALCOHOL PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1985

	BUDGET	ACTUAL	VARIANCE
Revenues			
State Revenue	\$45,825	\$71,378	\$25,553
County Revenue	165,054	136,062	(\$28,992)
Service Revenue	79,363	94,263	\$14,900
Other Revenue	30,054	27,483	(\$2,571)
	-----	-----	-----
Total Revenue	320,296	329,186	8,890
Expenditures			
Personal Services	216,025	190,812	25,213
Operating expenditures	96,972	108,820	(11,848)
Capital Outlay	7,299	0	7,299
	-----	-----	-----
Total Expenditures	320,296	299,633	20,663
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	\$29,554	\$29,554
	=====	=====	=====
Reconciliation of Budget vs. Actual to report of Revenues and Expenditures submitted to Department of Institutions			
Total Revenues (from above)		\$329,186	
Total Revenues (per report)		326,154	

Difference		3,032	
		=====	
Explanation			
Interest income not recorded in error		3,032	
		=====	
Reconciliation of Budget vs. Actual to report of Revenues and Expenditures submitted to Department of Institutions			
Total Expenditures (from above)		\$299,633	
Total Expenditures (per report)		301,096	

Difference		(1,463)	
		=====	
Explanation			
Due to balance sheet items expensed		\$1,463	
		=====	

BOYD ANDREW CHEMICAL DEPENDENCY CARE CENTER
HELENA, MONTANA
SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-DRUG PROGRAM
BUDGET vs ACTUAL
For the year ended June 30, 1985

	BUDGET	ACTUAL	VARIANCE
Revenues			
State Revenue	\$62,400	\$64,367	\$1,967
County Revenue	2,645	6,808	\$4,163
Service Revenue	6,758	9,967	\$3,209
	-----	-----	-----
Total Revenue	71,803	81,142	9,339
Expenditures			
Personal Services	51,369	57,776	(6,407)
Operating expenditures	11,031	13,104	(2,073)
	-----	-----	-----
Total Expenditures	62,400	70,879	(8,479)
Excess (Deficiency) of Revenues	=====	=====	=====
Over Expenditures	\$9,403	\$10,263	\$860

To the Board of Directors
Boyd Andrew Chemical Dependency Care Center
Helena, Montana

I have examined the general purpose financial statements of the Boyd Andrew Chemical Dependency Care Center, and have issued my report thereon dated October 21, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Boyd Andrew Chemical Dependency Care Center with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Boyd Andrew Chemical Dependency Care Center complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested Boyd Andrew Chemical Dependency Care Center was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
November 14, 1986

To the Board of Directors
Boyd Andrew Service Center
Helena, Montana

I have examined the financial statements of the Boyd Andrew Service Center for the fiscal year ended June 30, 1986 and 1985, and have issued my report thereon dated November 14, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Boyd Andrew Service Center is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole.

However, my study and evaluation disclosed the following conditions that I believe result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of Boyd Andrew Service Center may occur and not be detected within a timely period.

PRIOR AUDIT RECOMMENDATIONS

TRAVEL VOUCHERS

Travel vouchers are not always approved.

Resolution

The entity has complied with the above.

REVENUES

The cash receipts journal was not being cut off at the end of a month. Also, the receipt vouchers for a time period did not total the deposit to the bank.

Resolution

The entity has complied with the above.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examinations of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated November 14, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA
Wayne E. Hintz, CPA

November 14, 1986

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE

MISSOULA, MONTANA

FINANCIAL REPORTS

For Years Ended September 30, 1986 and 1985

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
MISSOULA, MONTANA
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MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
MISSOULA, MONTANA
BOARD OF DIRECTORS
SEPTEMBER 30, 1986

Myrna Chief Slick
Jane McDonald
Sabina Shaffer
Norma Oats
Susan Tatsey-Stevens
Mark King

Chairperson

BOARD OF DIRECTORS
SEPTEMBER 30, 1985

Mark King
Jane McDonald Kane
Sabina Schaffer
Susan Tatsey-Stevens
Leon Rattler
Fred Reeves
Sandra Brien
Gloria McDonald

Chairperson

To the Board Of Directors
Missoula Indian Alcohol and Drug Service
Missoula, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis, of the Missoula Indian Alcohol and Drug Service (a non-profit organization), for the years ended September 30, 1986 and 1985, and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the year then ended. Except as noted in the following paragraphs, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred, except that payroll withholdings are accrued. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

I was unable to satisfy myself as to the allocation between beginning unrestricted and restricted fund balances because the prior year financial statements were not audited nor was I able to satisfy myself by other means.

I did not observe the physical inventory of fixed assets, stated at \$10,196, as of September 30, 1986 and 1985, as none was taken. The entity's records do not permit adequate retroactive tests of fixed assets.

In my opinion, except for the effects of any adjustments that might have been necessary had I been able to satisfy myself as to the allocation between beginning unrestricted and restricted fund balances, and to test the fixed assets referred to in the above paragraph, the financial statements present fairly the cash receipts and disbursements-modified cash basis of the Missoula Indian Alcohol and Drug Service as of September 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 23, 1986

K-2

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCES - MODIFIED CASH BASIS
 September 30, 1986

ASSETS	Unrestricted	Restricted	Total
CURRENT ASSETS			
Cash in bank	\$2,077	\$1,959	\$4,037
Money Market	54		54
Accounts receivable	5,055	4,767	9,821
Refundable Deposits	2,050		2,050
Due from General Funds		948	948
	-----	-----	-----
Total Current Assets	9,236	7,674	16,910
Furniture and Fixtures	10,196		10,196
	-----	-----	-----
Total Assets	\$19,432	\$7,674	\$27,106
	=====	=====	=====
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Payroll Liabilities	\$5,055		\$5,055
Due to Restricted Funds	948		948
	-----	-----	-----
Total Liabilities	6,003		6,003
Fund Balance - unrestricted	13,429		13,429
Fund Balance - restricted		7,674	7,674
	-----	-----	-----
Total Liabilities and Fund Balance	\$19,432	\$7,674	\$27,106
	=====	=====	=====

The Notes to Financial Statements are an integral part of these statements.

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCES - MODIFIED CASH BASIS
 September 30, 1985

ASSETS	Unrestricted	Restricted	Total
CURRENT ASSETS			
Cash in bank	\$2,683	\$14	\$2,697
Money Market	50		50
Accounts receivable	5,719		5,719
Refundable Deposits	670		670
Due from General Funds		459	459
	-----	-----	-----
Total Current Assets	9,122	474	9,595
Furniture and Fixtures	10,196		10,196
	-----	-----	-----
Total Assets	\$19,317	\$474	\$19,791
	=====	=====	=====
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Payroll Liabilities	\$5,055		\$5,055
Due to Restricted Funds	459		459
	-----	-----	-----
Total Liabilities	5,514		5,514
Fund Balance - unrestricted	13,803		13,803
Fund Balance - restricted		474	474
	-----	-----	-----
Total Liabilities and Fund Balance	\$19,317	\$474	\$19,791
	=====	=====	=====

The Notes to Financial Statements are an integral part of these statements.

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
 For year ended September 30, 1986

REVENUES	Unrestricted	Restricted	Total
Federal revenue	\$0	\$74,365	\$74,365
State revenue	1,729		1,729
Local revenue	12,173		12,173
Other revenue	154	4,958	5,112
	-----	-----	-----
Total Revenue	14,056	79,323	93,379
EXPENDITURES			
Personal Services			
Salaries	12,768	40,170	52,938
Employee benefits	57	7,124	7,181
	-----	-----	-----
Total Personal Services	12,825	47,294	60,119
Operating Expenditures			
Contracted services	325	4,453	4,778
Supplies & materials	212	2,015	2,227
Communications	599	3,218	3,817
Travel		4,570	4,570
Rent & leases		4,376	4,376
Utilities	58	1,312	1,371
Repairs & maintenance		24	24
Other	410	4,861	5,271
	-----	-----	-----
Total Operating Expenditures	1,605	24,829	26,434
	-----	-----	-----
Total Expenditures	14,430	72,123	86,553
Excess (Deficiency) of Revenues Over Expenditures	(374)	7,200	6,826
Fund Balance, beginning of year	13,803	474	14,277
	-----	-----	-----
Fund Balance, end of year	\$13,429	\$7,674	\$21,103
	=====	=====	=====

The Notes to Financial Statements are an integral part
of this statement.

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
 For year ended September 30, 1985

REVENUES	Unrestricted	Restricted	Total
Federal revenue	\$0	\$69,649	\$69,649
State revenue	2,174		2,174
Local revenue	13,355		13,355
Other revenue	1,749	664	2,413
	-----	-----	-----
Total Revenue	17,278	70,314	87,592
EXPENDITURES			
Personal Services			
Salaries	12,597	41,249	53,846
Employee benefits		6,531	6,531
	-----	-----	-----
Total Personal Services	12,597	47,780	60,377
Operating Expenditures			
Contracted services		4,150	4,150
Supplies & materials		460	460
Communications		6,423	6,423
Travel		3,846	3,846
Rent & leases		4,800	4,800
Utilities		857	857
Repairs & maintenance		96	96
Other	1,936	1,888	3,824
	-----	-----	-----
Total Operating Expenditures	1,936	22,519	24,455
Total Expenditures	14,533	70,299	84,832
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	2,745	14	2,760
Fund Balance, beginning of year	9,532	459	9,991
Adjustments	1,527		1,527
	-----	-----	-----
Fund Balance, end of year	\$13,803	\$474	\$14,277
	=====	=====	=====

The Notes to Financial Statements are an integral part
of this statement.

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
September 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTS POLICIES

1. Reporting Entity

Missoula Indian Alcohol and Drug Service is a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, section 35-2-101 M.C.A. The entity filed and received tax exempt status under section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The entity provides out-patient alcohol and drug treatment and prevention services to the residents of Missoula County. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the entity. Revenues are recorded when cash is received and expenses are recorded when checks are issued, except for payroll withholdings. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions and the Health and Human Services Department of the United States Government.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. No depreciation is recorded on the fixed assets.

4. Budget

A budget for the HHS Cost Reimbursement Contract, Indian Health Services is adopted annually and approved by the HHS.

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
MISSOULA, MONTANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
SEPTEMBER 30, 1986 and 1985

NOTE B FEDERAL, STATE AND LOCAL REVENUE

Federal revenue is a cost reimbursement contract granted by the U. S. Department of Health and Human Services and is accounted for as restricted revenue.

State revenue is block grant funds via legislative appropriation used to augment the shortfall of the tax because of declining sales of alcoholic beverages which is earmarked for alcoholism treatment.

Local revenue is a contract between the Missoula County Alcohol Service Board of Directors and the Missoula Indian Alcohol and Drug Program. Payments were made on a cost reimbursement basis. The revenues are from the tax on alcoholic beverages which is earmarked for alcoholism treatment services and is passed through the county to the programs.

NOTE C ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE-IRS

In 1979, Missoula Indian Alcohol and Drug Service obtained a judgment in the amount of \$6,054.55 against a former employee. The judgment is for money embezzled by the former employee. The money was originally to pay payroll taxes, so when money is received on the judgment, it is paid to the Internal Revenue Service. The total amount owed for unpaid taxes is \$12,705.41. This liability is only recognized on the books in the amount of the judgment obtained less payments made.

The IRS is not actively pursuing the payable as long as the entity remains current with its payroll taxes that are being incurred.

NOTE D DUE FROM GENERAL FUND/DUE TO RESTRICTED FUNDS

This amount is payment of general fund expenses from restricted funds cash.

SUPPLEMENTARY INFORMATION

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Missoula Indian Alcohol and Drug Service
Missoula, Montana

My report on the examination of the basic financial statements of the Missoula Indian Alcohol and Drug Service as of September 30, 1986 and 1985 appear on page K-2 of this report. This examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments, if any, which may have been necessary had I been able to satisfy myself as to the allocation between beginning unrestricted and restricted fund balances and to test the fixed assets as explained in the third and fourth paragraphs of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 23, 1986

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-RESTRICTED
 MODIFIED CASH BASIS
 BUDGET vs ACTUAL
 For year ended September 30, 1986

	BUDGET	RESTRICTED ACTUAL	VARIANCE
REVENUE			
Federal Revenue	\$74,377	\$74,365	(\$12)
Other Revenue	0	4,958	4,958
	-----	-----	-----
Total Revenue	74,377	79,323	4,946
EXPENDITURES			
Personal Services			
Salaries	43,000	40,170	2,830
Employee benefits	9,690	7,124	2,566
	-----	-----	-----
Total Personal Services	52,690	47,294	5,396
Operating Expenditures			
Contractred services	3,750	4,453	(703)
Supplies & materials	892	2,015	(1,123)
Communications	4,800	3,218	1,582
Travel	4,490	4,570	(80)
Rent & leases	4,800	4,376	424
Utilities	960	1,312	(352)
Repairs & maintenance	0	24	(24)
Other	1,995	4,861	(2,866)
	-----	-----	-----
Total Operating Expenditures	21,687	24,829	(3,142)
	-----	-----	-----
Total Expenditures	74,377	72,123	2,254
	-----	-----	-----
Excess of Revenues			
Over Expenditures	\$0	\$7,200	\$7,200
	=====	=====	=====

MISSOULA INDIAN ALCOHOL AND DRUG SERVICE
 MISSOULA, MONTANA
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-RESTRICTED
 MODIFIED, CASH BASIS
 BUDGET vs ACTUAL
 For year ended September 30, 1985

	BUDGET	RESTRICTED ACTUAL	VARIANCE
REVENUE			
Federal Revenue	\$69,557	\$69,649	\$92
Other Revenue	0	664	664
	-----	-----	-----
Total Revenue	69,557	70,314	757
EXPENDITURES			
Personal Services			
Salaries	43,553	41,249	2,304
Employee benefits	8,053	6,531	1,522
	-----	-----	-----
Total Personal Services	51,606	47,780	3,826
Operating Expenditures			
Contractred services	3,750	4,150	(400)
Supplies & materials	515	460	55
Communications	4,050	6,423	(2,373)
Travel	3,040	3,846	(806)
Rent & leases	4,800	4,800	0
Utilities	996	857	139
Repairs & maintenance	0	96	(96)
Other	800	1,888	(1,088)
	-----	-----	-----
Total Operating Expenditures	17,951	22,519	(4,568)
	-----	-----	-----
Total Expenditures	69,557	70,299	(742)
	-----	-----	-----
Excess of Revenues Over Expenditures	\$0	\$14	\$14
	=====	=====	=====

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Missoula Indian Alcohol and Drug Services
Missoula, Montana

I have examined the general purpose financial statements of the Missoula Indian Alcohol and Drug Services for the years ended September 30, 1986 and 1985, and have issued my report thereon dated October 23, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Missoula Indian Alcohol and Drug Services is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program.

The results of my test indicate that for the items tested, Missoula Indian Alcohol and Drug Service complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, Missoula Indian Alcohol and Drug Services was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz CPA

Wayne E. Hintz, CPA
October 23, 1986

To the Board of Directors
Missoula Indian Alcohol and Drug Service
Missoula, Montana

I have examined the financial statements of Missoula Indian Alcohol and Drug Service for the year ended September 30, 1986 and 1985 and have issued my reports thereon dated October 23, 1986. As part of my examinations, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above or on any of the categories of controls identified above.

The management of Missoula Indian Alcohol and Drug Service is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis of accounting.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the entity taken as a whole.

However, my study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amount that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR YEAR RECOMMENDATIONS

COUNTY AND PAYROLL CHECKING ACCOUNTS

Funds are received from the county and are deposited in a checking account designated for county funds. A check is then written on the county account and deposited in the payroll account, where the funds are then disbursed through payroll checks.

Resolutions

This is a duplication of effort and accounting. I recommend that the county funds be deposited directly to the payroll checking account and recorded as required by the entity's accounting policies.

BILLING INVOICES AND TRAVEL VOUCHERS

Billing invoices and travel claims are not being attached to vouchers for payment.

Resolutions

I recommend that billing invoices and travel claims be attached to vouchers for payment. Upon payment, I recommend that the invoices and claims be marked paid.

FIXED ASSETS

No detailed subsidiary records exist to control property and equipment. A fixed asset capitalization policy has not been adopted by the Board of Directors.

Resolution

a. The Board of Directors should establish a capitalization policy. The suggested criteria for this policy would include a specific dollar amount and the useful life of the asset. The policy could require the inclusion of a long-lived asset even though the cost may be under the specific dollar amount.

b. New purchases should be entered in the inventory at cost plus trade-in value if old equipment is traded.

c. All assets should be tagged with an identifying number.

d. Old equipment being sold, traded or otherwise disposed of should be deleted from the inventory.

e. The recording of each fixed asset should include the following information:

- i. identifying tag number
- ii. source, description and serial number of the asset
- iii. date of acquisition
- iv. physical location
- v. cost (or value if donated)

f. Periodic inventories should be taken to insure that the inventory and assets on hand are in agreement.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated October 23, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz

Wayne E. Hintz, CPA
October 23, 1986



Missoula Indian Alcohol And Drug Service

Prevention Services • Referrals • Outpatient Counseling • Crisis Intervention

Phone 721-2700 2010 South Ave. West
Missoula, Montana 59801

November 26, 1986

Mr. Wayne Hintz, CPA
P.O. Box 774
Helena, Montana 59624

Dear Mr. Hintz:

Please accept this letter as the response to your audit of our program in October, 1986. I would like to thank you for your professionalism in dealing with the MIADS agency.

MIADS response to your recommendations are as follows:

1. County and Payroll Checking Accounts:

- A. Consolidate all checking accounts into one universal fund, which all checks will be written against, as of January 1, 1987.

2. Billing Invoices and Travel Vouchers:

- A. As of January 12, 1987, the Travel Reimbursement Policy will be,
1) MIADS program will continue to purchase travel space on public carrier's for its employee's, who are required to travel out-of-town or out-of-state to attend business/training meetings in their scope of work. 2) Additional expenses will be handled per your recommendations, ie (Wayne Hintz, CPA); such as motel, meal, transportation expenses.

3. Fixed Assets:

- A. A capitalization policy will be implemented by January 12, 1987.
B. All current program assets will be evaluated for its current market value and any new assets will be recorded.
C. All assets will be inventoried and identified per your recommendations, with an identifying tag number attached to asset; with description, source and a serial number of asset recorded; identification of approximate asset acquisition date; cost of asset recorded and current physical location of fixed asset.

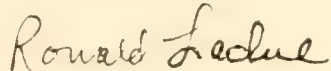
3. Fixed Assets: (cont.)

D. An annual inventory will be held at the end of each calender year (December) to determine fixed assets.

E. An inventory of fixed assets will be completed by January 12, 1987.

If you have any questions or need a clarification on any point in this letter, don't hesitate to call me.

Sincerely Yours,

A handwritten signature in cursive script that reads "Ronald LaDue".

Ronald LaDue
MIADS Director

RL:ds

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.

HAMILTON, MONTANA

FINANCIAL REPORTS

For Years Ended June 30, 1986 and 1985

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
HAMILTON, MONTANA
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June 30, 1986 and 1985

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RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
HAMILTON, MONTANA
BOARD OF DIRECTORS
JUNE 30, 1986

Margaret A. Tonon
Joanne Danelz
Bill Lubke
Reba Falk
Dr. Randy Stewart
Gary Hall
Sandy Peterson
Nancy Thompson

Chairman
Vice-Chairman
Secretary/Treasurer

BOARD OF DIRECTORS
JUNE 30, 1985

Margaret A. Tonon
Joanne Danelz
Bill Lubke
Reba Falk
Dr. Randy Stewart
Gene Henrichs
Sandy Peterson
Nancy Thompson

Chairman
Vice-Chairman
Secretary/Treasurer

To the Board Of Directors
Ravalli County Chemical Dependency Services, Inc.
Hamilton, Montana

I have examined the Statement of Cash Receipts and Disbursements-cash basis, of the Ravalli County Chemical Dependency Services, Inc. (a non-profit organization), for the years ended June 30, 1986 and 1985. Except as explained in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such Revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have resulted had the collection of service revenues referred to above been susceptible to satisfactory audit tests, the financial statement referred to in the first paragraph presents fairly the cash receipts and disbursements-cash basis of the Ravalli County Chemical Dependency Services, Inc. at June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne Hintz, CPA

Wayne Hintz, CPA
October 21, 1986

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC
HAMILTON, MONTANA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For years ended June 30, 1986 and 1985

CASH RECEIPTS	1986	1985
State revenue	\$3,437	\$27,982
Local revenue	49,381	45,803
Service revenue	19,112	21,049
	-----	-----
Total Revenue	71,930	94,834
EXPENDITURES		
Personal Services		
Salaries	52,785	63,398
Employee benefits	9,909	11,760
	-----	-----
Total Personal Services	62,694	75,159
Operating Expenditures		
Contractred services	1,114	1,201
Supplies & materials	1,313	3,602
Communications	3,845	4,775
Travel	1,611	3,622
Rent & leases	2,722	2,700
Utilities	705	574
Repairs & maintenance	42	40
Other	1,188	4,117
	-----	-----
Total Operating Expenditures	12,538	20,630
	-----	-----
Capital Outlay	995	0
	-----	-----
Total Cash Disbursements	76,228	95,789
INCREASE (DECREASE) IN CASH	(4,298)	(955)
BEGINNING CASH	6,752	7,708
	-----	-----
ENDING CASH	\$2,455	\$6,752
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
HAMILTON, MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Ravalli County Chemical Dependency Services, Inc. is a non-profit organization which is incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The entity is tax exempt for federal purposes under 501(c)(3) of the Internal Revenue Code.

The entity provides out-patient alcohol and drug treatment and prevention services to the residents of the area. These services are designed to achieve recovery for the chemically dependent and others affected by the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The accompanying financial statement has been prepared on the basis of cash receipts and disbursements. Under this basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. This basis differs from generally accepted accounting principles primarily because the effect of outstanding revenues and obligations unpaid at the date of the financial statement is not included in the financial statement. This is in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of purchase in accordance with the cash basis of accounting. No depreciation is recorded on fixed assets.

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
 JUNE 30, 1986 and 1985

4. Budgets

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. The state guaranteed the amount to be received by Ravalli County. The county was short on the amount of revenue allocated to Ravalli County Chemical Dependency Services, Inc. because of declining liquor sales and the state augmented with block grant funds via legislative appropriations in the amount of \$3,347 and \$7,618 for years end June 30, 1986 and 1985 respectively. Ravalli County also provides an additional amount above and beyond the earmarked funds to Ravalli County Chemical Dependency Services, Inc.

Revenues were received from Ravalli County as follows:

	1986	1985
	\$49,381	\$45,803
	=====	=====

NOTE C SERVICE REVENUE

Service revenue consists of the following:

Fees for services	\$ 8,422	\$14,517
DUI school fees	<u>10,690</u>	<u>6,532</u>
Total Service Revenue	\$19,112	\$21,049
	=====	=====

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1986 AND 1985

NOTE D LEASES

Ravalli County Chemical Dependency Services, Inc. has a three year lease on the office space. The amount of lease payments is \$225 per month. The terms of the lease agreement will expire on November 30, 1986.

SUPPLEMENTARY INFORMATION

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Ravalli County Chemical Dependency Services, Inc.
Hamilton, Montana

My report on the examination of the basic financial statements of the Ravalli County Chemical Dependency Services, Inc. as of October 21, 1986, appear on page L-2. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments, if any, which may have been necessary had I been able to extend my audit scope beyond the Ravalli County Chemical Dependency Services' recorded receipts as explained in the second paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 21, 1986

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-CASH BASIS
 BUDGET vs ACTUAL
 For year ended June 30, 1986

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$0	\$3,437	\$3,437
Local revenue	54,203	49,381	(4,822)
Service revenue	28,204	19,112	(9,092)
	-----	-----	-----
Total Revenue	82,407	71,930	(10,477)
EXPENDITURES			
Personal services	66,042	62,694	3,348
Operating expenditures	16,902	12,538	4,364
Capital Outlay	0	995	(995)
	-----	-----	-----
Total Expenditures	82,944	76,228	6,717
Excess (Deficiency) of Revenues Over Expenditures	(\$537)	(\$4,298)	(\$3,761)
	=====	=====	=====

Reconciliation of Budget vs Actual to
 report of Revenue and Expenditures
 submitted to the Department of Institutions

Total Expenditures (from above)	\$76,227
Total Expenditures (per report)	76,363

Difference	(\$136)
	=====
Total revenues (from above)	\$71,930
Total revenues (per report)	69,611

Difference	\$2,319
	=====

Differences are irreconcilable

RAVALLI COUNTY CHEMICAL DEPENDENCY SERVICES, INC.
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-CASH BASIS
 BUDGET vs ACTUAL
 For year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$20,364	\$27,982	\$7,618
Local revenue	49,203	45,803	(3,400)
Service revenue	17,392	21,049	3,657
	-----	-----	-----
Total Revenue	86,959	94,834	7,875
EXPENDITURES			
Personal services	70,715	75,159	(4,444)
Operating expenditures	16,244	20,630	(4,386)
	-----	-----	-----
Total Expenditures	86,959	95,789	(8,830)
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$0	(\$955)	(\$955)
	=====	=====	=====

Reconciliation of Budget vs Actual to
 report of Revenue and Expenditures
 submitted to the Department of Institutions

Total Expenditures (from above)	\$95,789
Total Expenditures (per report)	94,567

Difference	\$1,222
	=====
Total revenues (from above)	\$94,834
Total revenues (from report)	93,650

Difference	\$1,184
	=====

Differences are irreconcilable

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Board of Directors
Ravalli County Chemical Dependency Services, Inc.
Hamilton, Montana

I have examined the general purpose financial statements of the Ravalli County Chemical Dependency Services, Inc. for the years ended June 30, 1986 and 1985, and have issued my report thereon dated October 21, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Ravalli County Chemical Dependency Services, Inc. is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Ravalli County Chemical Dependency Services, Inc. complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested Ravalli County Chemical Dependency Services, Inc. was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 21, 1986

To the Board of Directors
Ravalli County Chemical Dependency Services, Inc.
Hamilton, Montana

I have examined the financial statements of Ravalli County Chemical Dependency Services, Inc. for the years ended June 30 1986 and 1985 and have issued my report thereon dated October, 21, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Ravalli County Chemical Dependency Services, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system in internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Ravalli County Chemical Dependency Services, Inc. as a whole.

However, my study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amount that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

PRIOR YEAR RECOMMENDATIONS

GENERAL LEDGER

It was recommended that a general ledger be set up.

Resolution

The entity has complied with.

CURRENT AUDIT RECOMMENDATIONS

BOARD MINUTES

Not all the board minutes were signed or filed in the official minute book.

Recommendation

I recommend that all official board minutes be signed and filed in the official minute book. I would also recommend that a calendar of the scheduled meetings be kept with the official minutes. Then if a meeting is not held, it can be shown with reason given.

CASH

It seems at times there may be excess cash that is not needed for current expenditures.

Recommendation

I recommend that excess cash, when it exists, be deposited in some type of interest bearing account.

RECEIPTS

It was noted that not all fees for services or miscellaneous revenues were receipted.

Recommendation

I recommend that all fees for services or miscellaneous revenues be receipted. Separate receipt books should be kept for each revenue category and that all the receipts for each book be written in numerical order. The deposit should equal the receipts that were recorded since last deposit.

TRAVEL

The travel vouchers documentation was poor.

Recommendation

I recommend the following for travel vouchers.

1. Motel receipts be attached when applicable.
2. The time out and in be recorded.
3. The travel voucher be approved. The Director vouchers should be approved by the board members.
4. Meals be paid in accordance with applicable rates and time periods.

FIDELITY BOND

Auditor did not note any fidelity bond coverage in accordance with State contract.

Recommendation

I recommend that fidelity bond coverage be obtained in accordance with State contract. The contract requires coverage of a minimum, equal to the normal monthly expenditures of the program.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated October 21, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 21, 1986

Ravalli County Chemical Dependency Services, Inc.

824 First Avenue South □ P.O. Box 902 □ Hamilton, Montana 59840 □ Phone (406) 363-3060

November 21, 1986

Wayne E. Hintz, CPA
P. O. Box 774
Helena, MT 59624

Dear Wayne,

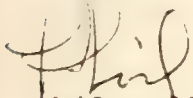
I am sorry that I was unable to be present when you audited our agency.

The reports that we inadvertently showed you were not actual year-end reports. We did not get a State grant either of those years, and so were not required to file those reports. Instead, they were projected estimates compiled in March or April of their respective years as part of the grant application process. The reason that the discrepancies were as large as they were was because (a) we had to use the tax revenue figures that ADAD gave us even though there were shortfalls both years, (b) we get our tax payments one month late, but there is no way in the application process to show the differences between one year and the next, and we cannot show accruals, and (c) we had to balance expenditures with revenues even though we knew that the projected revenues were not accurate. All this was in keeping with ADAD's instructions for the proposal package.

In actual practice we have no problem in converting the proposed budget into a "real" budget by taking into account carryovers and accrued revenues, but these figures did not show on the proposal estimates that you saw.

We appreciate your recommendations and will put them into practice.

Sincerely,



Phil Sullivan, Director

PS/ns

Ravalli County
Chemical Dependency Services, Inc.

824 First Avenue South □ P.O. Box 902 □ Hamilton, Montana 59840 □ Phone (406) 363-3060

November 21, 1986

Wayne E. Hintz, CPA
P. O. Box 774
Helena, MT 59624

Dear Mr. Hintz,

This is in response to the draft of the audit of our financial records for our fiscal years 1985 and 1986.

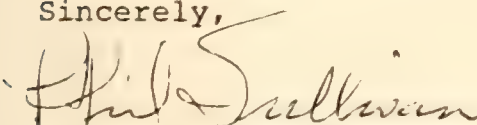
I reviewed the draft report with the Board of Directors on Tuesday, November 18. We accept your comments and recommendations with the following corrections or explanations:

1. Re: Schedules of Budgeted Revenues and Expenditures
vs: Actual (Both Years)

Explanation: The budget reports reviewed were not actual year-end reports, but were projected estimates compiled several months before the end of the fiscal year as part of ADAD's grant proposal process. This explains the irreconcilable differences between the budgeted and actual revenues and expenditures.

The Board and the Director felt that the audit report was complete and fair, and will comply with the recommendations of the auditor.

Sincerely,


Phil Sullivan, Director

PS/ns

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED

SALISH AND KOOTENAI TRIBES

RONAN, MONTANA

FINANCIAL REPORTS

Years Ended September 30, 1986 and 1985

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
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TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
TRIBAL COUNCIL MEMBERS
September 30, 1986 and 1985

Ron Therriault	Chairman
Michael Pablo	Vice-Chairman
Lawrence Kenmille	Member
S. Kevin Howlett	Member
Robert L. McCrea	Member
Sonny Morideau	Member
Fred Matt	Member
Victor L. Stinger	Member
Pat Lefthand	Member
James H. Steele	Member

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To the Tribal Council Members
Tribal Health Department of the Confederated
Salish and Kootenai Tribes
Ronan, Montana

I have examined the balance sheet of the drug program of the Tribal Health Department of the Confederated Salish and Kootenai Tribes for the years ended September 30, 1986 and 1985 and the related statements of revenue and expenditures, changes in fund balance and changes in financial position for the years then ended. My examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity provides other health services to the Confederated Salish and Kootenai tribes of the Flathead Reservation which are beyond the scope of my audit. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In my opinion, the financial statements of the drug program of the Tribal Health Department of the Confederated Salish and Kootenai tribes referred to in first paragraph present fairly the financial position of the drug program as of September 30, 1986 and 1985 and the results of its operation for the year then ended on the accrual method of accounting.

Wayne E. Hintz
Wayne E. Hintz
October 17, 1986

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
BALANCE SHEET - DRUG PROGRAM
SEPTEMBER 30, 1986

ASSETS

CURRENT ASSETS

Cash in bank	\$1.567
State Grant Receivables	12.164

Total Assets	\$13.731
	=====

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accrued Vacation Payable	\$1.122

Total Liabilities	1.122

FUND BALANCE

	12.608

Total Liabilities and Fund Balance	\$13.731
	=====

The Notes to Financial Statements are an integral part
of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
BALANCE SHEET - DRUG PROGRAM
SEPTEMBER 30, 1985

ASSETS

CURRENT ASSETS

Cash in bank	\$3,264
State Grant Receivables	21,393

Total Assets	\$24,657
	=====

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	\$219

Total Liabilities	219

FUND BALANCE

24,438

Total Liabilities and
Fund Balance

\$24,657

=====

The Notes to Financial Statements are an integral part
of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 1986

REVENUE	
State revenue	\$19,463

EXPENDITURES	
Personnel	22,466
Fringe benefits	3,705
Supplies and materials	257
Communications	219
Travel	519
Training	198
Indirect costs	2,770

Total Expenditures	30,134
Excess (Deficiency) of Revenues Over Expenditures	
	(10,671)
Fund Balance, beginning of year	24,438
Returned/Due to State (Note A)	(1,159)

Fund Balance, end of year	\$12,608
	=====

The Notes to Financial Statements are an integral part
of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
 SALISH AND KOOTENAI TRIBES
 RONAN, MONTANA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 SEPTEMBER 30, 1985

REVENUE	
State revenue	\$29,193

EXPENDITURES	
Personnel	14,095
Fringe benefits	2,753
Contracted services	1,210
Supplies and materials	363
Communications	615
Travel	691
Utilities	734
Repair and maintenance	200
Indirect costs	2,854

Total Expenditures	23,515

Excess (Deficiency) of Revenues Over Expenditures	5,678
Fund Balance, beginning of year	26,030
Returned/Due to State (Note A)	(7,270)

Fund Balance, end of year	\$24,438
	=====

The Notes to Financial Statements are an integral part
 of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
SEPTEMBER 30, 1986

SOURCES OF WORKING CAPITAL	
Excess Revenues over Expenditures	(S10,671)
Total Sources of Working Capital	
USES OF WORKING CAPITAL	
Returned to State	1,159

Increase (Decrease) in Working Capital	(S11,830)
	=====
CHANGES IN WORKING CAPITAL	
BY COMPONENT	
Current Assets -	
Increase (Decrease)	
Cash	(S1,697)
Accounts Receivable	(9,229)

	(10,926)
Current Liabilities -	
Decrease (Increase)	
Accounts Payable	219
Accrued Vacation Pay	(1,122)

	(904)
INCREASE IN WORKING CAPITAL	(S11,830)
	=====

The Notes to Financial Statements are an integral part
of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
SEPTEMBER 30, 1985

SOURCES OF WORKING CAPITAL	
Excess Revenues over Expenditures	\$5,678

Total Sources of Working Capital	5,678
USES OF WORKING CAPITAL	
Returned to State	7,270

Increase (Decrease) in Working Capital	. (\$1,592)
	=====
CHANGES IN WORKING CAPITAL	
BY COMPONENT	
Current Assets	
Increase (Decrease)	
Cash	(\$3,635)
Accounts Receivable	(2,007)

	(5,642)

Current Liabilities	
Decrease (Increase)	
Accounts Payable	(73)
Accrued Vacation Pay	109
Due to State	4,015

	4,051

INCREASE (DECREASE) IN WORKING CAPITAL	(\$1,592)
	=====

The Notes to Financial Statements are an integral part
of these statements

TRIBAL HEALTH DEPARTMENT OF THE CONFEDERATED
SALISH AND KOOTENAI TRIBES
RONAN, MONTANA
NOTES TO FINANCIAL STATEMENTS
September 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

In February 1984, the Flathead Reservation Area Comprehensive Alcoholism Program, Inc. was dissolved and its operations were taken over by the Tribal Health Department of the Confederated Salish and Kootenai Tribes. The Tribal Health Services performs all health services for the tribes as specified by the Tribal Council of the Confederated Salish and Kootenai Tribes of the Flathead Reservation. The scope of the audit was to audit the drug program and give an opinion on that portion of activity of the Tribal Health Department. The Tribal Health Department is under the control of the Confederated Salish and Kootenai Tribes of the Flathead Reservation. All of the accounting and required tax returns are handled through the Tribal Council offices.

The programs audited provide out-patient drug treatment and prevention services to the residents of the area. These services are designed to achieve recovery for the chemically dependent and others affected by the chemically dependent. Education services are provided toward prevention of drug abuse.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis. Revenues are recognized when earned and expenditures are recognized when incurred.

3. Accrued Vacation Pay

Vacation pay for the personnel in the drug program was recorded at their current rate of pay as of September 30, 1986.

4. Due to State

The Drug Contract as of June 30, 1986 and 1985 had unexpended funds of \$1,159 and \$7,270 respectively, that were returned to the Montana Department of Institutions.

NOTE B STATE REVENUE

State revenue is a drug grant administered by the Montana Department of Institutions. The funds were used to administer the out-patient drug treatment and prevention services.

To the Tribal Council Members
The Tribal Health Department of the Confederated
Salish and Kootenai Tribes
Ronan, Montana

I have examined the general purpose financial statements of the Tribal Health Department of the Confederated Salish and Kootenai Tribes for the years ended September 30, 1986 and 1985, and have issued my report thereon dated October 17, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circular A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Tribal Health Department of the Confederated Salish and Kootenai Tribes is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Tribal Health Department of the Confederated Salish and Kootenai Tribes complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, Tribal Health Department of the Confederated Salish and Kootenai Tribes was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 17, 1986

To the Tribal Council Members
The Tribal Health Department of the Confederated
Salish and Kootenai Tribes
Ronan, Montana

I have examined the financial statements of The Tribal Health Department of the Confederated Salish and Kootenai Tribes for the years ended September 30, 1986 and 1985 and have issued my report thereon dated October 17, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Tribal Health Department of the Confederated Salish and Kootenai Tribes is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system in internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Tribal Health Department of the Confederated Salish and Kootenai Tribes as a whole. However, my study and evaluation disclosed no condition that I believe to be a material weakness.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

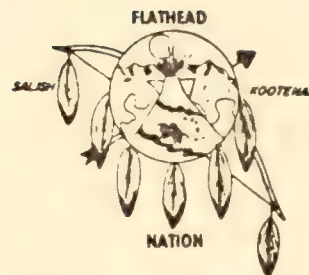
Wayne E. Hintz, CPA

Wayne E. Hintz. CPA
October 17, 1986



THE CONFEDERATED SALISH AND KOOTENAI TRIBES
OF THE FLATHEAD RESERVATION

Box 278
Pablo, Montana 59855
(406) 675-2700



Joseph E. Dupuis - Executive Secretary
Vern L. Clairmont - Executive Treasurer
George Hewankorn - Sergeant-at-Arms

TRIBAL COUNCIL MEMBERS:
Ron Thernault - Chairman
Michael Pablo - Vice-Chairman
Laurence Kenmille
S. Kevin Howlett
Robert L. McCrea
Sonny Morigeau
Fred Matt
Victor L. Stinger
Pat Lethand
James H. Steele

Refer to:
Tribal Health Department
26 Round Butte Road West
Ronan, MT 59864
(406) 676-2770

November 19, 1986

Wayne E. Hintz, CPA
P. O. Box 774
Helena, MT 59624

Dear Mr. Hintz:

Upon reviewing the rough draft of the audit conducted by your firm, the only change required will be of the membership of the Confederated Salish and Kootenai Tribal Council. Those names have been included.

It appears that the Program is in compliance with no recommendation being made. To our knowledge, this is acceptable.

Should you require further information, please feel free to contact this office. Thank you.

Sincerely,

Anna Whiting
Anna Whiting
Alcohol Program

Concur:

Thomas Bearhead Swaney
Thomas "Bearhead" Swaney
Health Director

cl:AW

RECOVERY NORTHWEST, INC.

LIBBY, MONTANA

FINANCIAL REPORTS

Years Ended June 30, 1986 and 1985

RECOVERY NORTHWEST, INC.
LIBBY, MONTANA
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June 30, 1986 and 1985

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RECOVERY NORTHWEST, INC.
BOARD OF DIRECTORS
June 30, 1986

Paul Seifert	President
Edith Kair	Vice-President
Lois Osteen	Secretary
Wilford H. Luce	Treasurer
Don Shaw	Director
John Dedrickson	
Elizabeth Engebretson	
Dan Miller	
Lee Curtiss	

BOARD OF DIRECTORS
June 30, 1985

Willford Luce	President
Edith Kair	Vice-President
Al Erb	2nd Vice-President
Niles Nelson	Secretary
John Johanson	Treasurer
Donald Shaw	Director
Dan Miller	
James Swanson	
Gaylund Olson	
Doug Shear	
Rita Windom	
Ron Chimenti	
Elizabeth Engebretson	
Lois Osteen	
Bill McGlumphy	

To the Board of Directors
Recovery Northwest, Inc.
Libby, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis of the Recovery Northwest, Inc. a (non-profit organization) as of June 30, 1986 and 1985 and the related statements of revenues, expenditures and changes in fund balances-modified cash basis for the years then ended. Except as noted in the following paragraph, my examinations were made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary.

As described in Note A to the financial statements, the entity's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

No accounting controls are exercised over service and fees collections prior to the initial recording of such revenues in the accounting records. Accordingly, it was not practicable to extend examination of such receipts beyond the amounts recorded.

In my opinion, except for the effects of any adjustments that might have been necessary had the collection of service revenues referred to in the first paragraph, the financial statements referred to in the above paragraph present fairly the cash receipts and disbursements-cash basis of the Recovery Northwest, Inc. at June 30, 1986 and 1985 on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz CPA

Wayne E. Hintz, CPA
September 16, 1986

RECOVERY NORTHWEST, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
June 30, 1986 and 1985

	1986	1985
ASSETS		
Current Assets		
Cash in Bank	\$9,047	\$5,399
	-----	-----
Total Assets	\$9,047	\$5,399
	=====	=====
LIABILITIES AND FUND BALANCE		
Fund Balance	\$9,047	\$5,399
	-----	-----
Total Liabilities and Fund Balance	\$9,047	\$5,399
	=====	=====

The Notes to financial Statements are an integral part
of these statements.

RECOVERY NORTHWEST, INC.
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
For years ended June 30, 1986 and 1985

REVENUES	1986	1985
Restricted revenue		\$72,919
State revenue	\$70,305	63,176
Local revenue	68,775	25,931
Service revenue	28,943	3,936
Donations	3,998	273
Other revenue	300	717
Interest	589	
	-----	-----
Total Revenue	172,910	166,953
EXPENDITURES		
Personal Services		118,913
Salaries	116,216	15,537
Employee Benefits	16,079	
	-----	-----
Total Personal Services	132,295	134,450
Operating Expenditures		432
Contracted services	1,534	6,320
Supplies & materials	5,741	7,727
Communications	6,825	7,050
Travel	7,316	7,815
Rent & leases	10,100	763
Repairs & maintenance	1,570	860
Utilities	603	3,417
Training	2,749	527
Other	528	
	-----	-----
Total Operating Expenditures	36,967	34,910
	-----	-----
Total Expenditures	169,262	169,360
Excess (Deficiency) of Revenue Over Expenditures	3,647	(2,407)
Fund Balance beginning of the year	5,399	7,806
	-----	-----
Fund Balance end of year	\$9,047	\$5,399
	=====	=====

The Notes to Financial Statements are an integral part
of these statements.

RECOVERY NORTHWEST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1986 and 1985

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Recovery Northwest, Inc. a private non-profit corporation incorporated in the State of Montana under the Montana Non-Profit Corporation Act, section 35-2-101 M.C.A. The entity filed and received tax exempt status under section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

The name was changed from Alcohol Service Centers of Lincoln, Sanders and Mineral Counties to Recovery Northwest, Inc. in February, 1985.

The Centers provide out-patient alcohol and drug treatment and prevention services to the residents of Lincoln, Sanders and Mineral Counties. These services are designed to achieve recovery for the chemically dependent. Education services are provided to work toward prevention of alcohol and drug abuse.

2. Basis of Accounting

The modified cash basis of accounting is used by the Centers. Revenues are recorded when cash is received and expenditures are recorded when checks are issued, except for payroll withholding which are accrued. As of June 30, 1986 and 1985, all payroll withholdings were paid. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Divisions.

3. Fixed Assets

Fixed assets are recorded as expenditures at the time of payment. There is no recorded inventory of equipment owned by the Centers in accordance with the modified cash basis of accounting. No depreciation is recorded on fixed assets.

4. Budget

An operating budget is adopted annually by the Board of Directors and approved by the Montana Department of Institutions, Alcohol and Drug Abuse Division.

RECOVERY NORTHWEST, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

5. Vacation and Sick Leave

Liabilities incurred because of unused vacation and sick leave accumulated by employees are not included in the financial statements. Expenditures are recognized when paid.

NOTE B STATE AND LOCAL REVENUE

County revenues are derived from a tax on the sale of alcoholic beverages, which is earmarked for alcoholism treatment services and is passed through the counties, based on 85% of population and 15% on land area, to the programs. State revenue is an alcoholism treatment block grant from Alcohol, Drug and Mental Health Services, administered by the Montana Department of Institutions. In addition to the State grant, the State guaranteed the amount to be received by the counties. The counties were short on the amount of revenue allocated because of declining liquor sales and the State augmented with federal block grant funds via legislative appropriations in the amount of \$9,173 and \$11,524 for years ended June 30, 1986 and 1985 respectively.

Revenues were received from these participating counties as follows:

	1986	1985
Sanders County	\$19,277	\$18,160
Lincoln County	36,252	34,148
Mineral County	8,246	7,768
Lincoln County-Donation	<u>5,000</u>	<u>3,100</u>
	\$68,775	\$63,176
	=====	=====

NOTE C SERVICE AND OTHER REVENUE

Service revenue consists of the following:

Fees for services	\$ 7,150	\$11,085
DUI School fees	13,648	14,662
Minor in possession	2,576	0
Third party payments	<u>5,569</u>	<u>185</u>
Total Service Revenue	\$28,943	\$25,932
	=====	=====

RECOVERY NORTHWEST, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
June 30, 1986 and 1985

NOTE D DONATIONS

Donations consist of the following:

Other	\$ 1,348	\$ 1,348
Libby Combined Campaign	<u>2,588</u>	<u>2,650</u>
	\$ 3,936	\$ 3,998
	=====	=====

SUPPLEMENTARY INFORMATION

To The Board of Directors
Recovery Northwest, Inc. because of declining liquor sales
Libby, Montana

My report on the examination of the basic financial statements of Recovery Northwest, Inc. as of June 30, 1986 and 1985 appear on page N-2 of this report. That examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in my opinion, except for the effects of the adjustments, if any, which may have been necessary had I been able to extend my audit scope beyond Recovery Northwest, Inc.'s recorded receipts as explained in the third paragraph of my report, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 16, 1986

RECOVERY NORTHWEST, INC.
 STATEMENTS OF REVENUES, EXPENDITURES AND
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 MODIFIED CASH BASIS
 BUDGET vs ACTUAL
 For year ended June 30, 1986

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$70,305	\$70,305	\$0
Local revenue	63,776	68,775	4,999
Service revenue	34,517	28,943	(5,574)
Other revenue	2,500	4,886	2,386
	-----	-----	-----
Total revenue	171,098	172,910	1,812
EXPENDITURES			
Personal services	130,865	132,295	(1,430)
Operating expenditures	41,719	34,686	7,033
Capital outlay	0	2,281	(2,281)
	-----	-----	-----
Total Expenditures	172,584	169,262	3,322
	-----	-----	-----
Ecess (Deficiency) of Revenues Over Expenditures	(\$1,486)	\$3,647	\$5,133
	=====	=====	=====

No difference with expenditure reports submitted to the
 Department of Institutions.

RECOVERY NORTHWEST, INC.
 STATEMENTS OF REVENUES, EXPENDITURES AND
 SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 MODIFIED CASH BASIS
 BUDGET vs ACTUAL
 For year ended June 30, 1985

REVENUE	BUDGET	ACTUAL	VARIANCE
State revenue	\$72,919	\$72,919	\$0
Local revenue	63,174	63,176	2
Service revenue	35,183	25,931	(9,252)
Other revenue	1,800	4,926	3,126
	-----	-----	-----
Total revenue	173,076	166,953	(6,123)
EXPENDITURES			
Personal services	140,886	134,450	6,436
Operating expenditures	34,277	34,175	102
Capital outlay	750	735	15
	-----	-----	-----
Total Expenditures	175,913	169,360	6,553
	-----	-----	-----
Ecess (Deficiency) of Revenues Over Expenditures	(\$2,837)	(\$2,407)	\$430
	=====	=====	=====

Reconciliation of Budget vs Actual
 to report of Revenues and Expenditures
 submitted to the Department of Institutions

Total revenue (from above)	\$166,953
Total revenue (per report)	170,018

*Difference	(\$3,065)
	=====

*Difference is due to depositing \$3000.00 from savings to checking
 and \$65.07 of interest that was recorded as interest income
 June 30, 1984, which was included in other income on the report
 to Department of Institutions.

No difference with expenditures as reports were submitted to
 Department of Institutions.

WAYNE E. HINTZ, CPA

P.O. Box 774
HELENA, MONTANA 59624
(406) 443-6220

To The Board of Directors
Recovery Northwest, Inc.
Libby, Montana

I have examined the general purpose financial statements of Recovery Northwest, Inc. for the years ended June 30, 1986 and 1985, and have issued my report thereon dated September 16, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions on OMB Circulars A-128, Audits of State and Local Governments, and accordingly include such test of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Recovery Northwest, Inc. is responsible for the corporation's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the corporation's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Recovery Northwest, Inc. complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, Recovery Northwest, Inc. was not in compliance with laws or regulations noncompliance with which could have a material effect on the corporation's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
September 16, 1986

To the Board of Directors
Ravalli County Chemical Dependency Services, Inc.
Hamilton, Montana

I have examined the financial statements of Ravalli County Chemical Dependency Services, Inc. for the years ended June 30 1986 and 1985 and have issued my report thereon dated October, 21, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Ravalli County Chemical Dependency Services, Inc. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system in internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Recovery Northwest, Inc. as a whole.

However, my study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularities in amount that would be material in relation to the financial statements of the entity may occur and not be detected within a timely period.

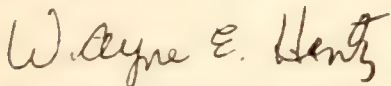
CURRENT AUDIT RECOMMENDATIONS

No conditions were identified that needed recommendations for the current year's audit

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated September 16, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.



Wayne E. Hintz, CPA
September 16, 1986

GALLATIN COUNCIL ON HEALTH AND DRUGS

BOZEMAN, MONTANA

FINANCIAL REPORTS

For Years Ended December 31, 1985 and 1984

GALLATIN COUNCIL ON HEALTH AND DRUGS
BOZEMAN, MONTANA
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GALLATIN COUNCIL ON HEALTH AND DRUGS
BOZEMAN, MONTANA
BOARD OF DIRECTORS
December 31, 1985

Sandra Smiley	President
Lorraine VanAusdol	Vice-President
Ken Matthiesen	Secretary
Doug Tillett	Treasurer
Ed Hanson	
Clark Wheeler	
Pete Ault	

BOARD OF DIRECTORS
December 31, 1984

Sandra Smiley	President
Lorraine VanAusdol	Vice-President
Ken Matthiesen	Secretary
Doug Tillett	Treasurer
Ed Hanson	
Clark Wheeler	
Pete Ault	
Herva Simpson	
Paul Joubert	

To the Board of Directors
Gallatin Council on Health and Drugs
Bozeman, Montana

I have examined the statements of assets, liabilities, and fund balances-modified cash basis of the Gallatin Council on Health and Drugs as of December 31, 1985 and 1984 and the related statements of revenues, expenditures, and changes in fund balance-modified cash basis for the years then ended. Except as noted in the following paragraph, my examination was made in accordance with generally accepted auditing standards, and generally accepted government auditing standards for financial and compliance audits, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary.

As described in Note A to the financial statements, the Council's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial positions and results of operations in conformity with generally accepted accounting principles.

The scope of my examination was limited to an examination of the recorded receipts of Gallatin Council on Health and Drugs.

In my opinion, except for the effects of any adjustments that might have been necessary had we been able to extend our audit scope beyond the Council's recorded receipts as referred to in the above paragraph, the financial statements referred to above present fairly the assets, liabilities and fund balances-modified cash basis of the Gallatin Council on Health and Drugs at December 31, 1985 and 1984 and the revenues, expenditures, and changes in fund balances-modified cash basis for the years then ended, on the basis of accounting described in Note A, which basis has been applied in a manner consistent with that of the preceding year.

Wayne E. Hintz, CPA
Wayne E. Hintz, CPA
October 10, 1986

GALLATIN COUNCIL ON HEALTH & DRUGS
BOZEMAN, MONTANA
BALANCE SHEET
December 31, 1985

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Women in Transition	Total (memo only)
SETS				
CURRENT ASSETS				
Cash in bank	\$0	\$0	\$7,193	\$7,193
Cash in savings	4,263	6,785	1,020	12,067
Total Current Assets	4,263	6,785	8,213	19,260
FIXED ASSETS				
Equipment	1,475	0	0	1,475
OTHER ASSETS				
Deposits	225	0	0	225
Due from restricted fund	0	1,038	0	1,038
Total Other Assets	225	1,038	0	1,263
Total Assets	\$5,963	\$7,822	\$8,213	\$21,998
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Bank overdraft	\$3,853	\$12,628	\$0	\$16,481
Accounts payable	1,552	379	222	2,153
Vacation pay payable	2,218	6,654	1,519	10,391
Total Current Liabilities	7,623	19,661	1,740	29,025
OTHER LIABILITIES				
Due to restricted fund	1,038	0	0	1,038
Due to Salle Trust	2,330	0	0	2,330
Total Other Liabilities	3,367	0	0	3,367
Total Liabilities	10,991	19,661	1,740	32,392
FUND BALANCE				
Unrestricted	(5,028)	0	0	(5,028)
Restricted	0	(11,838)	6,472	(5,366)
TOTAL LIABILITIES AND FUND BALANCE	\$5,963	\$7,822	\$8,213	\$21,998

The Notes to Financial Statements are an integral part of these statements.

GALLATIN COUNCIL ON HEALTH & DRUGS
BOZEMAN, MONTANA
BALANCE SHEET
December 31, 1984

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Restricted Women in Transition	Total (memo only)
SETS				
CURRENT ASSETS				
Cash in bank	\$0	\$434	\$6,545	\$6,979
Cash in savings	0	10,378	0	10,378
	-----	-----	-----	-----
Total Current Assets	0	10,812	6,545	17,356
FIXED ASSETS				
Equipment	1,475	0	0	1,475
	-----	-----	-----	-----
OTHER ASSETS				
Deposits	225	0	0	225
Due from unrestricted fund	0	1,038	0	1,038
Due from Sallee Ranch Trust	7,426	0	0	7,426
	-----	-----	-----	-----
Total Other Assets	7,651	1,038	0	8,689
	-----	-----	-----	-----
Total Assets	\$9,126	\$11,849	\$6,545	\$27,520
	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE				
CURRENT LIABILITIES				
Bank overdraft	\$5,037	\$0	\$0	\$5,037
Accounts payable	991	458	190	1,639
Vacation pay payable	1,866	6,292	1,302	9,460
	-----	-----	-----	-----
Total Current Liabilities	7,895	6,749	1,492	16,136
	-----	-----	-----	-----
OTHER LIABILITIES				
Due to restricted fund	1,038	0	0	1,038
	-----	-----	-----	-----
Total Liabilities	8,932	6,749	1,492	17,174
	-----	-----	-----	-----
FUND BALANCE				
Unrestricted	194	0	0	194
Restricted	0	5,100	5,053	10,152
	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$9,126	\$11,849	\$6,545	\$27,520
	=====	=====	=====	=====

The Notes to Financial Statements are an integral part of these statements.

GALLATIN COUNCIL ON HEALTH & DRUGS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Year ended December 31, 1985

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Restricted Women in Transition	Total (memo only)
REVENUES				
Federal grants	\$4,300	\$0	\$92,255	\$96,555
State revenue	0	68,591	0	68,591
Service revenue	26,947	5,410	14,438	46,796
Other revenue	48,982	2,874	7,375	59,230
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	80,229	76,875	114,068	271,172
EXPENDITURES				
Personal Services				
Salaries	39,567	59,848	56,766	156,182
Employee benefits	6,871	13,320	11,744	31,935
	<hr/>	<hr/>	<hr/>	<hr/>
Total Personal Services	46,439	73,167	68,510	188,117
Operating Expenditures				
Contracted services	10,798	1,328	9,735	21,861
Supplies & materials	7,506	1,753	7,198	16,456
Communications	11,011	4,383	4,254	19,647
Travel	114	4,639	6,723	11,475
Rent & lease	1,966	4,482	4,735	11,183
Utilities	3,312	860	214	4,386
Repairs & maintenance	59	84	106	249
Other	3,336	2,301	9,191	14,828
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenditures	38,101	19,828	42,157	100,086
Capital Outlay	275	817	1,981	3,073
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	84,815	93,813	112,648	291,276
Efficiency of Revenues over Expenditures	(4,586)	(16,938)	1,420	(20,104)
Fund Balance, beg. of year	194	5,100	5,053	10,347
Adjustments	(636)			
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, end of year	(\$5,028)	(\$11,838)	\$6,472	(\$9,757)
	<hr/>	<hr/>	<hr/>	<hr/>

The Notes to Financial Statements are an integral part
of these statements.

GALLATIN COUNCIL ON HEALTH & DRUGS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Year ended December 31, 1984

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Women in Transition	Total (memo only)
REVENUES				
Federal grants	\$3,710	\$0	\$61,781	\$65,491
State revenue	0	86,000	0	86,000
Service revenue	13,711	1,899	15	15,626
Other revenue	55,004	2,627	4,124	61,755
	-----	-----	-----	-----
Total Revenue	72,425	90,527	65,920	228,872
EXPENDITURES				
Personal Services				
Salaries	37,215	61,668	31,632	130,514
Employee benefits	8,417	10,516	7,152	26,085
	-----	-----	-----	-----
Total Personal Services	\$45,632	\$72,183	\$38,784	\$156,599
	=====	=====	=====	=====
Operating Expenditures				
Contracted services	\$1,612	\$259	\$3,701	\$5,572
Supplies & materials	3,457	2,098	3,093	8,647
Communications	9,805	5,235	2,038	17,078
Travel	27	3,453	4,269	7,748
Rent & lease	1,869	4,275	1,317	7,460
Utilities	2,747	658	219	3,625
Repairs & maintenance	123	79	0	202
Other	9,686	1,843	6,906	18,435
	-----	-----	-----	-----
Total Operating Expenditure	29,326	17,899	21,543	68,768
Capital Outlay	126	1,692	63	1,882
	-----	-----	-----	-----
Total Expenditures	75,084	91,775	60,390	227,249
	-----	-----	-----	-----
Surplus (Deficiency) of Revenues over Expenditures				
Beginning Balance, beg. of year	(1,140)	6,348	(408)	4,799
Adjustments	3,994	0	(69)	3,925
	-----	-----	-----	-----
Ending Balance, end of year	\$194	\$5,100	\$5,053	\$10,347
	=====	=====	=====	=====

Notes to Financial Statements are an integral part of these statements.

GALLATIN COUNCIL ON HEALTH & DRUGS
BOZEMAN, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year ended December 31, 1985

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Restricted Women in Transition	Total (memo only)
FUNDS PROVIDED				
Excess of revenues over expenditures	\$0	\$0	\$1,420	\$1,420
Decrease in other Assets	7,426	0	0	7,426
Increase in other Liabilities	2,330	0	0	2,330
	-----	-----	-----	-----
Total Funds Provided	9,756	0	1,420	11,175
FUNDS APPLIED				
Excess expenditures over revenue	4,586	16,938	0	21,524
Adjustments to Fund Balance	636	0	0	636
Increase in other Assets				
Decrease in other Liabilities	0	0	0	0
	-----	-----	-----	-----
Total Funds Applied	5,222	16,938	0	22,160
INCREASE (DECREASE) IN WORKING CAPITAL	\$4,534	(\$16,938)	\$1,420	(\$10,985)
	=====	=====	=====	=====
CHANGES IN WORKING CAPITAL				
Increase (Decrease) in current assets				
Cash in bank	\$1,184	(\$13,062)	\$648	(\$11,229)
Cash in savings	4,263	(3,593)	1,020	1,689
	-----	-----	-----	-----
Total current assets	5,447	(16,655)	1,668	(9,540)
Decrease (Increase) in current liabilities				
Accounts payable	(561)	79	(32)	(514)
Accrued vacation pay	(352)	(362)	(217)	(931)
	-----	-----	-----	-----
Total current liabilities	(913)	(283)	(248)	(1,445)
INCREASE (DECREASE) IN WORKING CAPITAL	\$4,534	(\$16,938)	\$1,420	(\$10,985)
	=====	=====	=====	=====

GALLATIN COUNCIL ON HEALTH & DRUGS
BOZEMAN, MONTANA
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year ended December 31, 1984

	Unrestricted Gallatin Council Fund	Restricted Second Story Fund	Women in Transition	Total (memo only)
FUNDS PROVIDED				
Excess of revenues over expenditures	\$0	\$0	\$5,530	\$5,530
Decrease in other Assets	0	0	0	0
Increase in other Liabilities	1,000	0	0	1,000
	-----	-----	-----	-----
Total Funds Provided	1,000	0	5,530	6,530
FUNDS APPLIED				
Excess expenditures over revenue	2,659	1,248	0	3,907
Adjustments to Fund Balance	(3,994)	0	(69)	(4,063)
Increase in other Assets		1,000		
Decrease in other Liabilities	0	0	0	0
	-----	-----	-----	-----
Total Funds Applied	(1,335)	2,248	(69)	844
INCREASE (DECREASE) IN WORKING CAPITAL				
	\$2,335	(\$2,248)	\$5,461	\$5,548
	=====	=====	=====	=====
CHANGES IN WORKING CAPITAL				
Increase (Decrease) in current assets				
Cash in bank	\$134	(\$4,887)	\$5,633	\$880
Cash in savings	0	4,535	0	4,535
	-----	-----	-----	-----
Total current assets	134	(352)	5,633	5,415
Decrease (Increase) in current liabilities				
Accounts payable	1,565	(25)	(94)	1,446
Accrued vacation pay	636	(1,871)	(78)	(1,313)
	-----	-----	-----	-----
Total current liabilities	2,201	(1,896)	(173)	133
INCREASE (DECREASE) IN WORKING CAPITAL				
	\$2,335	(\$2,248)	\$5,461	\$5,548
	=====	=====	=====	=====

GALLATIN COUNCIL ON HEALTH AND DRUGS
NOTES TO FINANCIAL STATEMENTS
December 31, 1985 and 1984

NOTE A SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Gallatin Council on Health and Drugs is a private nonprofit corporation, incorporated in the State of Montana under the Montana Non-Profit Corporation Act, Section 35-2-101, M.C.A. The entity filed and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxation.

2. Basis of Accounting

The accompanying financial statements have been prepared on a modified accrual basis. The primary exception to accrual basis accounting consists of the revenue recognition policy for client receipts. These receipts are recognized as income upon receipt of the payment. Revenue and expenditure classifications are in accordance with the guidelines established by the Department of Institutions, Alcohol and Drug Abuse Division.

3. Fixed Assets

The Council records the fixed assets which it purchases at cost. The Council's office furniture and fixtures have generally been donated or are supplied by the State of Montana as a participant in the State's Drug and Alcohol program. The items which have been donated are generally of little or no value; accordingly, no provision for these items is reflected in these financial statements. The items provided by the State of Montana are provided at no charge. The Council has elected not to depreciate its purchased asset.

NOTE B FUND ACCOUNTING

In order to ensure observance of limitations of restrictions placed on the use of resources available to the Council, the accompanying financial statements are presented in accordance with the principles of fund accounting. This is the procedure by which resources designated for various uses are classified for reporting purposes into funds established according to their nature.

GALLATIN COUNCIL ON HEALTH AND DRUGS
NOTES TO FINANCIAL STATEMENTS
(Continued)
December 31, 1985 and 1984

Funds used by the Council are as follows:

1. GALLATIN COUNCIL FUND

This is the general fund of Gallatin Council on Health and Drugs and is responsible for the general administration of the Council. This fund contains the Home Free, the Help Center, and the Worthy Cause. This fund is also responsible for the numerous fund raising activities maintained by the Council.

2. SECOND STORY FUND

This is the fund established by the Council for implementation of its Drug program. This fund is primarily funded through grants received from the State of Montana, Department of Institutions.

3. WOMEN IN TRANSITION FUND

This is the fund established by the Council for the implementation of the Women in Transition program. This fund is primarily funded through grants received from the State of Montana JPTA program, and the Office of Public Instruction.

NOTE C SERVICE AND OTHER REVENUE

Service revenue consists of fees for services.

	Gallatin Council	Second Story Fund	Women in Transition
<u>Other Revenue-1985</u>			
Donations-public	\$ 5	\$ 0	\$ 60
United Way	18,999	1,760	4,710
Fund raising activities	29,762	0	2,473
Interest income	216	1,114	132
Total Other Revenue	\$48,982	\$ 2,874	\$ 7,375
	=====	=====	=====

Other Revenue-1984

Donations-public	\$ 25	\$ 0	\$ 193
United Way	17,575	1,644	2,000
Fund raising activities	37,403	0	1,931
Interest income	0	983	0
Total Other Revenue	\$55,003	\$ 2,627	\$ 4,124
	=====	=====	=====

GALLATIN COUNCIL ON HEALTH AND DRUGS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
 December 31, 1985 and 1984

NOTE D RELATED PARTY TRANSACTIONS

The Gallatin Council is the administrator and benefactor of the Sallee Ranch Trust. In performing its administrative duties, the Gallatin Council disburses funds on behalf of the trust and the trust reimburses the Council on a monthly basis. At December 31, 1984, the trust owed \$7,426 to the Council for such disbursements. At December 31, 1985, the Council owed the trust \$2,330.

NOTE E RENT EXPENSE

The building lease for 7/1/84 to 6/30/85 was for \$525 per month. Total for building rent payments amounted to \$6,300 in 1985 and 1984. The remaining rent was for additional space as needed and rent for the Crisis Center hotline space.

NOTE F FUND BALANCE ADJUSTMENTS

The adjustments to the fund balance were as follows:

1985	Unrestricted Gallatin Council Fund	Restricted Women in Transition
Adjustment of annual and sick leave balance.	(\$ 636.32)	\$0.00
 1984		
Due to Restricted was cancelled.	\$3,994.03	
Per Women In Transition Audit.		(\$68.92)

To the Board of Directors
Gallatin Council on Health and Drugs
Bozeman, Montana

I have examined the general purpose financial statements of the Gallatin Council on Health and Drugs, Bozeman, Montana for the years ended December 31, 1985 and 1984, and have issued my report thereon dated October 10, 1986. My examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organization, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and provisions of OMB Circulation A-128, Audits of State and Local Governments, and accordingly include such tests of the accounting records and such other auditing procedures as I consider necessary in the circumstances.

The management of Gallatin Council on Health and Drugs is responsible for the entity's compliance with laws and regulations. In connection with the examination referred to above, I selected and tested transactions and records from non-major Federal financial assistance programs to determine the entity's compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures.

The results of my test indicate that for the items tested, Gallatin Council on Health and Drugs, complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to my attention that caused me to believe that for the items not tested, Gallatin Council on Health and Drugs, was not in compliance with laws or regulations noncompliance with which could have a material effect on the entity's general purpose financial statements.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 10, 1986

To The Board of Directors
Gallatin Council on Health And Drugs
Bozeman, Montana

I have examined the financial statements of Gallatin Council on Health And Drugs for the fiscal years ended June 30, 1986 and 1985 and have issued my report thereon dated October 10, 1986. As part of my examination, I made a study and evaluation of the entity's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions. For the purpose of this report, I have classified the significant internal accounting controls in the following categories:

1. Grants and earmarked alcohol revenues
2. Client fees and other revenues
3. Payroll and rents
4. General expenditures

My study included all of the control categories listed above except that I did not evaluate the accounting controls over client fees and other revenues because the audit can be performed more efficiently by performing substantive tests rather than by relying on internal accounting control. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the entity's is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting.

Because of inherent limitations in any system in internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Gallatin Council on Health And Drugs as a whole. However, my study and evaluation disclosed no condition that I believed to be material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the 1986 and 1985 financial statements, and this report does not affect my report on these financial statements dated October 10, 1986.

This report is intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon acceptance by the Legislative Audit Committee, is a matter of public record.

I wish to take this opportunity to thank the Director and staff for all their cooperation and assistance during the course of my audit.

Wayne E. Hintz, CPA

Wayne E. Hintz, CPA
October 10, 1986

SECOND STORY COUNSELING



122 S. Willson • P.O. Box 1375 • Bozeman, MT 59715 • (406) 587-1238

November 24, 1986

Mr. Wayne E. Hintz, CPA
P.O. Box 774
Helena, MT 59624

Dear Mr. Hintz:

In response to your letter and draft audit received november 17, 1986, I have the following comments:

1. Page G1 - Board of Directors should read as follows:

Gallatin Council on Health and Drugs

Bozeman, Montana

December 31, 1984

Executive Board Members and Officers

Sandra Smiley - President
Lorraine VanAusdol - Vice President
Ken Matthiesen - Secretary
Doug Tillett - Treasurer
Ed Hanson
Clark Wheeler
Pete Ault
Herva Simpson
Paul Joubert

General Board Members:

Judge Joseph Gary	John Buttleman	John Bauer	Don Palmer
Lynn Stevens	Rod Bruner	Mike Ruppert	Rex Campbell
Dianna Tande	Margaret Hauser	Skip Weiss	Sandy Pickett
Beverly Wallace	Jeff Rupp	Susan Ault	

Gallatin Council on Health and Drugs

Bozeman, MT

December 31, 1985

Executive Board Members and Officers

Sandra Smiley - President
Lorraine VanAusdol - Vice President
Ken Matthiesen - Secretary
Doug Tillett - Treasurer
Ed Hanson
Clark Wheeler
Pete Ault

General Board Members: (See next page)



SECOND STORY COUNSELING



122 S. Willson • P.O. Box 1375 • Bozeman, MT 59715 • (406) 587-1238

Herva Simpson	John Buttleman	Jonathan Anderson	Tracey Wheeler
Paul Joubert	Rod Bruner	Mike Ruppert	Sandy Pickett
Dianna Tande	Jeff Rupp	Susan Ault	
Beverly Wallace	John Bauer	Don Palmer	

2. Notes to Financial Statements, December 31, 1984 and 1985

Note B Fund Accounting, Paragraph 2, Item (1.)

1. Gallatin Council Fund....line 4, please delete Parents Resource Center and add Home Free.

RE: Parents Resource Center was defunct at this time and a new program called Home Free had been added to the Council's programs.

3. Note B Fund Accounting, Paragraph 2, Item (3.)

3. Women In Transition Fund.....line 4, please note that JPTA should be JTPA (for Job Training Partnership Act) and add after "State of Montana, JTPA program, and the Office of Public Instruction.

We were pleased to learn that according to your audit, "No conditions were identified that needed recommendations for the current year's audit." I trust my response will allow you to meet your deadline for reporting. If I can be of any further assistance, please feel free to call me.

Sincerely,

R.W. Portch, Manager
Gallatin Council

cc. Darryl Bruno, State Department of Institutions
Lorraine VanAusdol, President
Doug Tillett, Treasurer



